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United States Lobster Market Consumer Preference Study

Economic and Commercial Analysis Report No. 73

Fisheries and Oceans Pêches et Océans

Canada

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TAVEL Limited
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UNITED STATES LOBSTER MARKET
CONSUMER PREFERENCE STUDY

Market Analysis Group
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December, 1990

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Economic and Commercial Analysis
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ABSTRACT

This study was commissioned by the Economic and Commercial Analysis Directorate of the Canadian Department of Fisheries and Oceans to obtain a better understanding of our principal market, the United States for lobster products. The focus was on live lobster, however, frozen lobster products are also covered.

The data, comments and conclusions of this study should be considered with the companion study of the United States Lobster Market Distribution System Study (ECAR 74).

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RÉSUMÉ

Cette étude a été commandée par la Direction générale de l'analyse économique et commerciale du ministère des Pêches et des Océans du Canada afin de mieux connaître notre principal marché pour les produits du homard, les États-Unis. Cette étude traite non seulement du homard vivant mais aussi des produits congelés du homard.

Les données, commentaires et conclusions tirés de cette étude devraient être examinés conjointement avec l'étude "United States Lobster Market Distribution System Study" (ECAR 74).

INTRODUCTION

The development and imposition of national minimum import size legislation for live lobsters by the United States and the resulting discussions between the two countries, and within Canada itself, focussed attention on the need to evaluate the manner in which Canadian lobster products, particularly live lobster, had been marketed in the U.S. This report and its companion one on the Distribution System, attempt to define the lobster market demand characteristics and the marketing and distribution system, and to briefly outline potential areas for improvement.

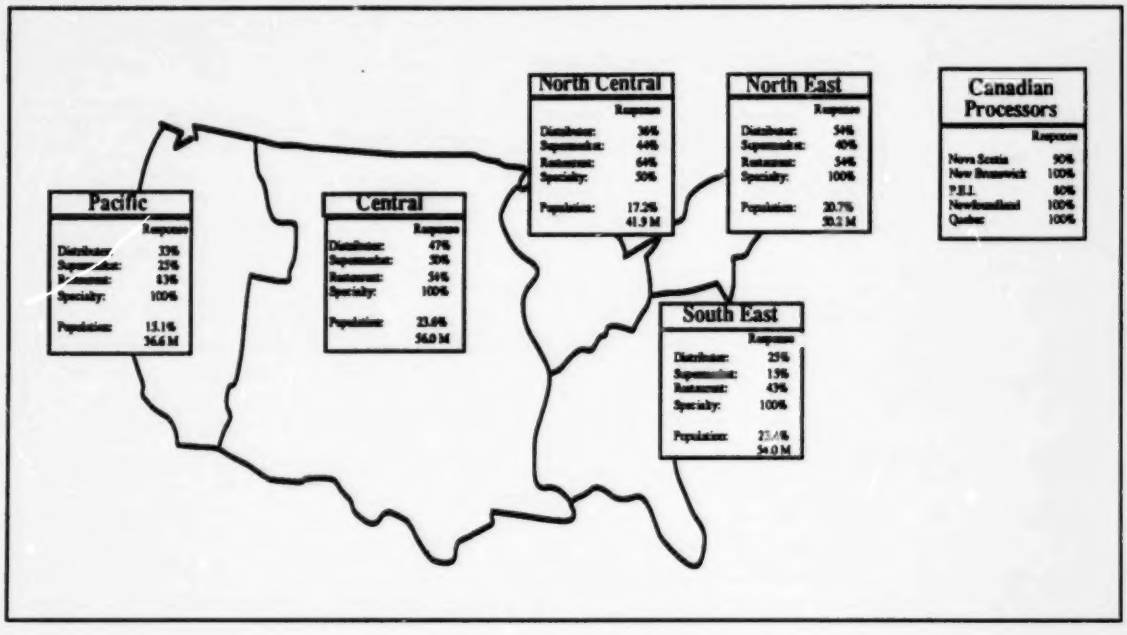
A range of participants from each part of the system were surveyed to gather information on their current activities as well as their opinions on the problems and constraints impeding expansion of sales of lobster.

The U.S. market was surveyed on a regional basis established approximately according to population and geographical area. The degree of response varied with sector and with region of the country as can be seen on the following map.

This study was carried out during the first quarter of 1990 when there was considerable uncertainty within the lobster industry in Canada and New England as to what would happen in the market during the year. The vast majority of those in the distribution, food service and retailing sectors in the U.S. who were surveyed were not aware of the intricacies of the lobster supply situation at the time. Their views, and the survey results, can be considered indicative of the situation prior to the subsequent weakness in shore prices in Canada.

Throughout this report, the word 'Lobster' refers to the species Homarus americanus; that is the species caught in Atlantic Canada and New England. All other lobsters will be referred to by a more definitive name such as "Spiny Lobster" or " Australian Cold Water Tails"

Survey Breakdown



1.0 PROFILE OF THE LOBSTER INDUSTRY

1.1 The Resource

Background:

The lobster fishery is a key component of the Atlantic Canadian fishing industry; representing about 25% of the landed value at the fisherman level, second only to Cod.

With the exception of eight offshore vessels which fish out of Nova Scotia and have a total annual quota of approximately 800 tons (2% of total Atlantic landings), the fishery is carried out by inshore fishermen on small vessels using wooden or steel mesh traps.

The lobster resource could be easily over-exploited with uncontrolled fishing and as a result there is a complex resource management system in place. Overall management and data collection is done by DFO Region (Exhibit 1.1). The grounds are segmented into 40 Lobster Fishing Areas (LFA's) each with advisory committees consisting of fishermen and government representatives. Fishing effort is strictly controlled through:

- limiting the number of fishing licenses
- restricted number of traps per license
- minimum legal lobster size (varies)
- closed seasons
- requiring egg-bearing females be returned to the water

Unlike other fishery management systems (eg: for Cod, Haddock, etc.) lobsters are not controlled by a total annual quota; therefore there is no regulated upper limit on the total quantity of lobster which may be legally landed in any given year.

Long Term Trends:

The historical pattern of lobster landings in the Atlantic fishery is shown in Exhibit 1.2. Only recently have landings recovered to the level of the turn of the century (when the average lobster was much larger) after hitting a low point in the early 1970's. The landings history for the two key components of the fishery, the Southern Gulf and Scotia-Fundy, are shown separately. It can be seen that both areas are contributing to the overall recovery.

Lobster fishing seasons in Atlantic Canada

District number	Open Season
3	April 20th to July 15th
4	April 20th to July 15th
5	April 20th to July 15th
6	April 20th to July 15th
7	April 20th to July 15th
8	April 20th to July 15th
9	April 20th to June 30th
10	April 20th to June 30th
11	April 20th to June 30th
12	April 20th to June 30th
13	April 20th to July 5th
14	May 5th to July 10th
15	June 1st to August 12th
16	May 20th to August 10th
17	June 5th to August 5th
18	May 20th to July 31st
19	May 9th to July 9th
20a	May 1st to June 30th
20b	May 8th to July 7th
21	May 9th to July 9th
22	May 1st to June 30th
23	May 9th to July 9th
24	May 1st to June 30th
25	August 10th to October 10th
26	May 1st to June 30th
27	May 16th to July 15th
28	May 10th to July 9th
29	May 1st to June 30th
30	May 20th to July 20th
31	April 20th to June 20th
32	April 20th to June 20th
33	Last Tuesday in November to May 31st
34	Last Tuesday in November to May 31st
35	—March 1st to July 31st —October 15th to December 31st
36	—April 1st to June 29th —2nd Wednesday in November to January 14th
38	Second Wednesday in November to Fourth Thursday in June
40	Area closed to inshore offshore lobster fishing
41	Area opened all year

Note: Minimum size of lobster varies by district.

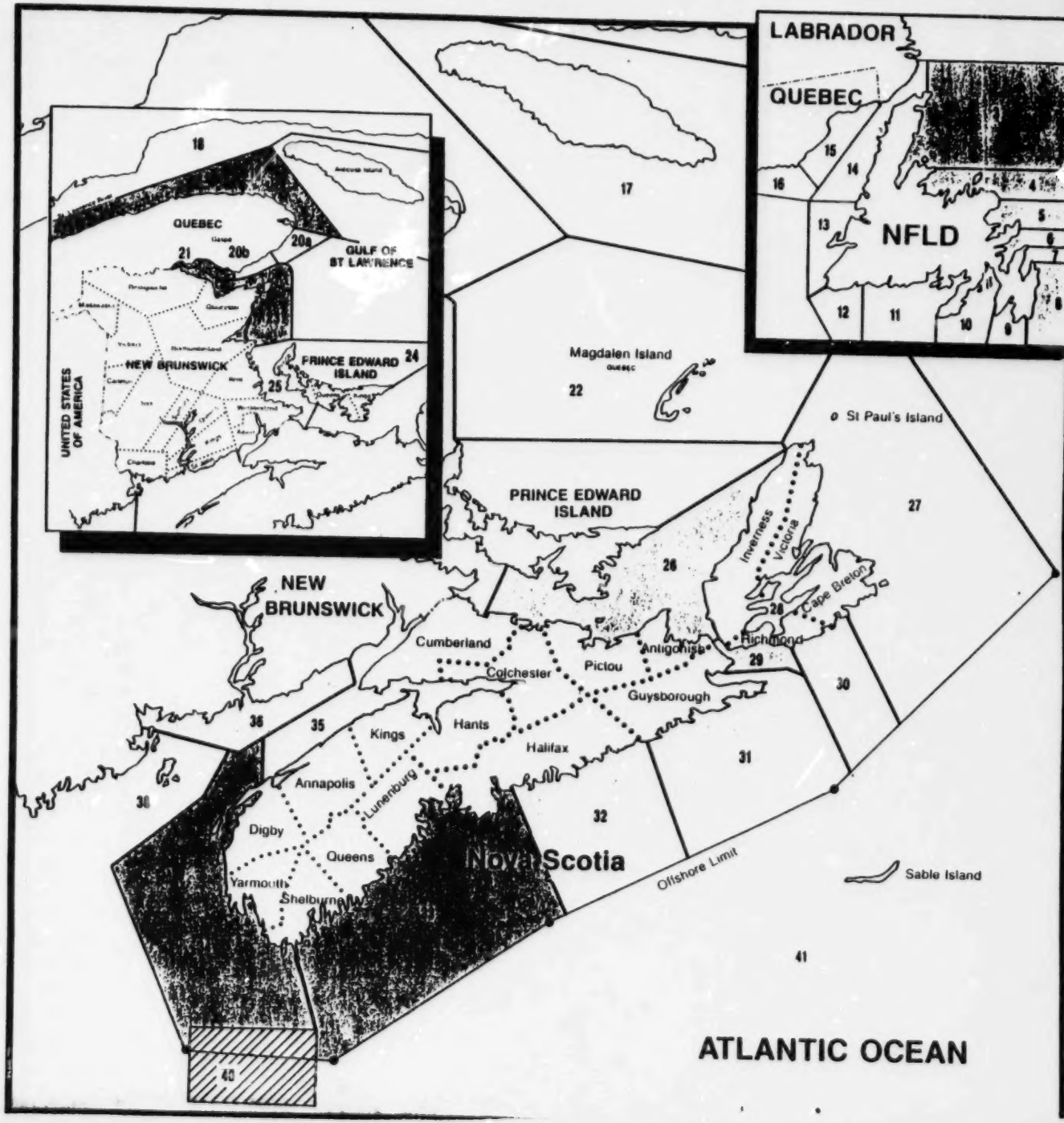
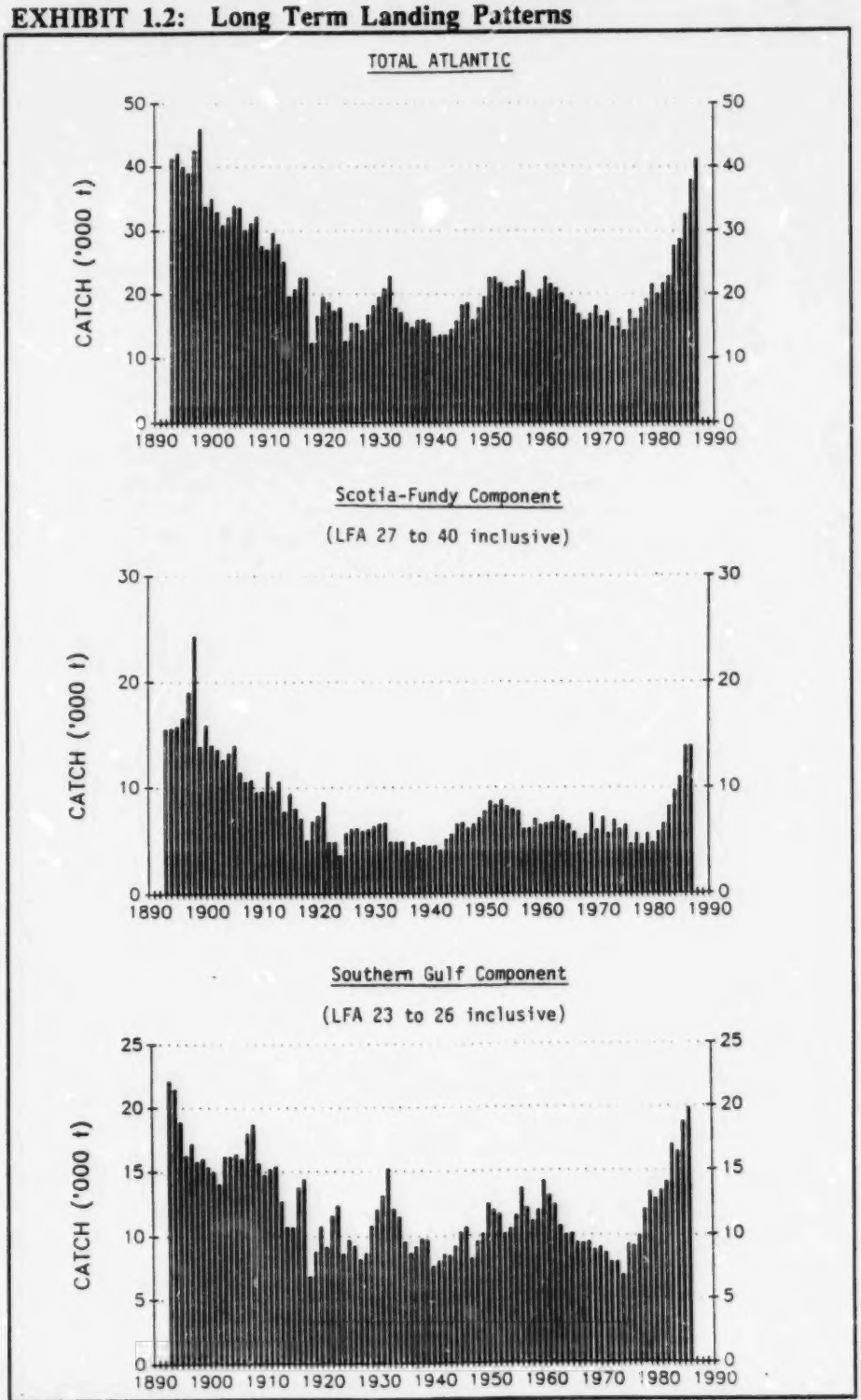


EXHIBIT 1.2: Long Term Landing Patterns



Source: Resource Prospects for Canada's Atlantic Fisheries 1989-1993 - Fisheries & Oceans

Recent Trends:

Landings, landed values and average prices in each of the regions during the last five years are shown in Exhibit 1.3.

Regional Characteristics:

The two critical factors defining the variations between the different Regions are the seasonality profile of landings and the size mix of lobster from each area. These differences have a very significant bearing on the market opportunities available and the types of processing done in each Region.

Exhibit 1.4 illustrates the monthly landings profile for each Region during 1988 and 1989. The annual peak in landings during the spring and early summer time period is clearly shown.

It can be seen that Scotia Fundy is dominated by the market size lobster and has two peak landing seasons of approximately equal volume; late spring/early summer and late fall/early winter.

The Gulf Region fishery is the reverse of Scotia Fundy in that about 75% of the landings are in the canner category. The greatest volume of landings is in the spring fishery; followed by a much smaller peak in the fall.

Annual landings in the Newfoundland and Quebec fisheries are significantly lower; both fisheries occurring in the spring/early summer time period.

Although there are distinct differences between regions, the pattern in each region is very consistent from year to year.

The variations in the size mix from the different regions was illustrated in terms of the major categories of canner, market and jumbo in Exhibit 1.3 . Exhibit 1.5 is a more detailed picture of the variations in size frequency in the different areas. (It should be noted that these graphs were derived from various data sources and are intended for illustration purposes only; they are not scientifically 'valid'.)

1.2 The Processing Industry

The seasonality and lobster size characteristics, and the total volume of landings determine the type and variation of lobster processing facilities found in each region. Exhibit 1.6 illustrates these differences by showing the number of companies in each region stating they carried out each of the three major types of processing.

Lobsters represent approximately 25% of the total landed value of the Atlantic fishery. They differ from other species types (eg: groundfish) however, in that on an overall basis much less value is added at the processing level. This is because such a high proportion is sold in the live form or with only limited processing (eg: lobster in brine). As a result lobster represents only 15% of the product value of the fishery. This is not necessarily a bad situation; unlike other seafood products lobster has a ready market in the live and whole form. Further processing of lobsters into various meat products primarily evolved as a means of converting small, weak, summer caught lobsters into some form of non-perishable consumer product. Ongoing profitability is the only accurate measure of whether an appropriate level of value added production is taking place.

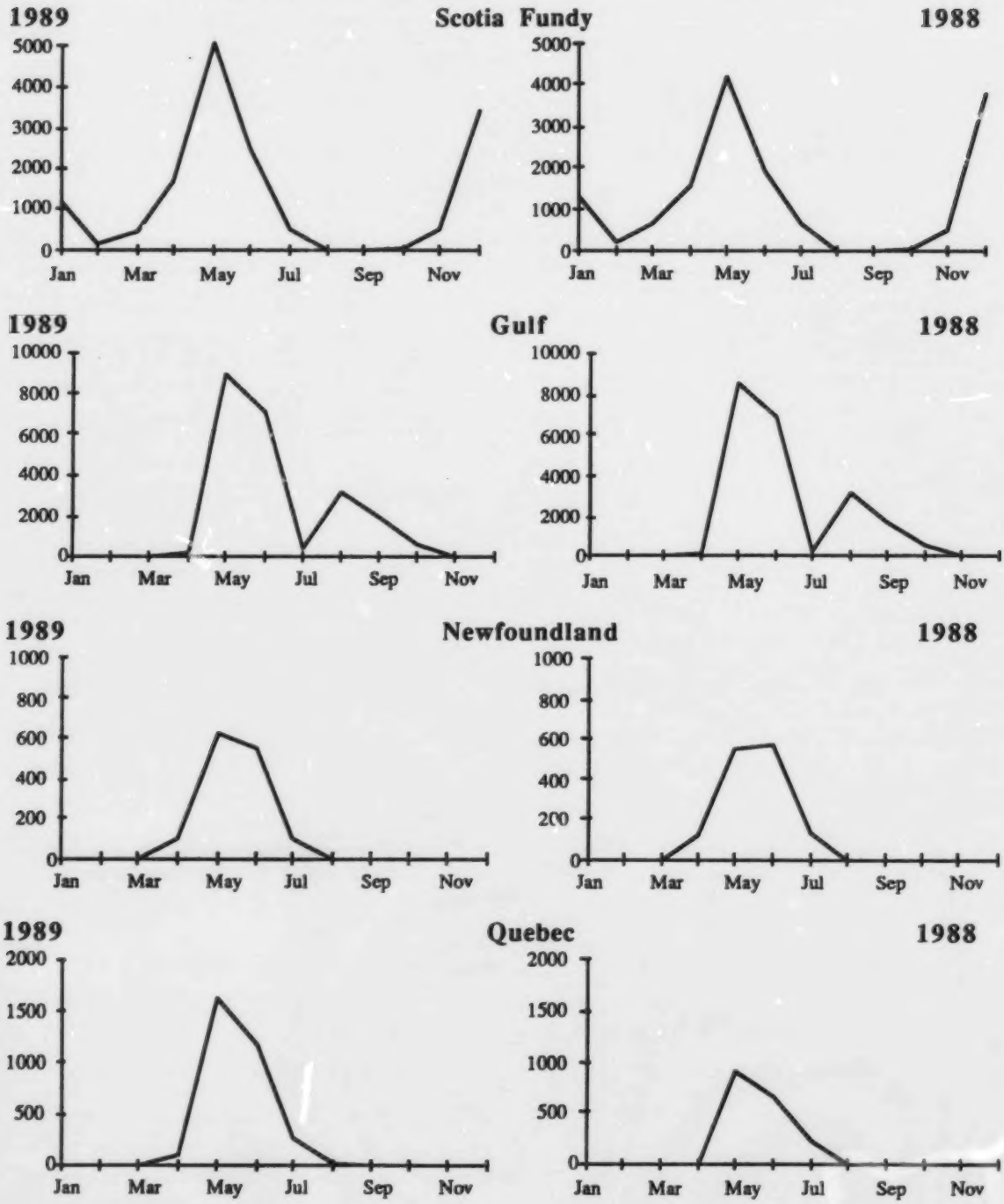
EXHIBIT 1.3: Historical Landings And Values - Atlantic Canada

		1989			1988			1987			1986			1985		
Region	Size	Landings (MT)	Value (000 $)	Value ($/lb)	Landings (MT)	Value (000 $)	Value ($/lb)	Landings (MT)	Value (000 $)	Value ($/lb)	Landings (MT)	Value (000 $)	Value ($/lb)	Landings (MT)	Value (000 $)	Value ($/lb)
Scotia Fundy	Canner	1646	8320	2.29	1480	8247	2.53	1117	6386	2.59	939	4452	2.15	607	2881	2.15
	Market	13855	110978	3.63	13228	112125	3.84	13584	132324	4.42	13111	116232	4.02	10232	82100	3.64
	Jumbo	27	249	4.18	25	246	4.46	24	245	4.63	46	388	3.83	28	193	3.13
	Unspec.			0.00			0.00			0.00			0.00	1	9	4.08
	Total	15528	119547	3.49	14733	120618	3.71	14725	138955	4.28	14096	121072	3.90	10868	85183	3.56
Gulf	Canner	16217	72576	2.03	15472	77092	2.26	14730	73329	2.26	14033	59867	1.94	13122	50928	1.76
	Market	5998	34466	2.61	5947	38366	2.93	5646	39517	3.17	5385	32882	2.77	4854	26807	2.51
	Jumbo			0.00			0.00			0.00			0.00			0.00
	Unspec.			0.00	9	50	2.52	2	10	2.27	73	346	2.15			0.00
	Total	22215	107042	2.19	21428	115508	2.45	20378	112856	2.51	19491	93095	2.17	17976	77735	1.96
Quebec	Canner	819	4657	2.58	574	3787	2.99	417	2897	3.15	276	1290	2.12	268	1224	2.08
	Market	2163	12768	2.68	1753	11998	3.10	2079	14340	3.13	1887	11637	2.80	1627	8890	2.48
	Jumbo	1	4	3.27	1	5	2.89	14	91	2.90	1	8	2.79	9	43	2.27
	Unspec.	220	1368	2.82	204	1389	3.09	148	1020	3.12	105	636	2.76	234	1276	2.47
	Total	3203	18797	2.66	2532	17179	3.08	2659	18348	3.13	2268	13571	2.71	2137	11433	2.43
Newfoundland	Canner			0.00			0.00			0.00			0.00			0.00
	Market			0.00			0.00			0.00			0.00			0.00
	Jumbo			0.00			0.00			0.00			0.00			0.00
	Unspec.	1368	8071	2.68	1348	7956	2.68	1198	8321	3.15	1365	8491	2.82	1519	9349	2.79
	Total	1368	8071	2.68	1348	7956	2.68	1198	8321	3.15	1365	8491	2.82	1519	9349	2.79
Atlantic	Canner	18682	85553	2.08	17526	89126	2.31	16264	82612	2.30	15248	65609	1.95	13997	55033	1.78
	Market	22016	158212	3.26	20928	162489	3.52	21309	186181	3.96	20383	160751	3.58	16713	117797	3.20
	Jumbo	28	253	4.17	26	251	4.41	38	336	3.98	47	396	3.80	37	236	2.93
	Unspec.	1588	9439	2.70	1560	9395	2.73	1348	9352	3.15	1543	9473	2.79	1754	10634	2.75
Total All Regions		42314	253457	2.72	40040	261261	2.96	38959	278481	3.24	37220	236229	2.88	32500	183700	2.56

Notes :

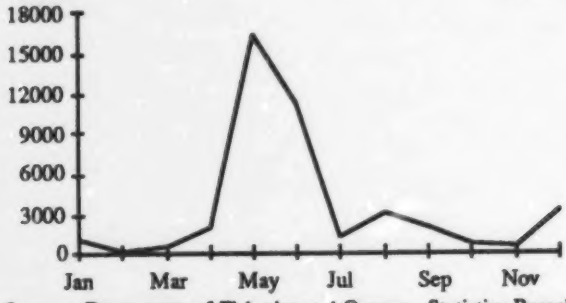
1. 1985 Gulf estimated from Atlantic total
2. 1989 Gulf estimated
3. All 1989 figures preliminary

EXHIBIT 1.4 : Monthly Landings - Lobster In Atlantic Canada (MT)

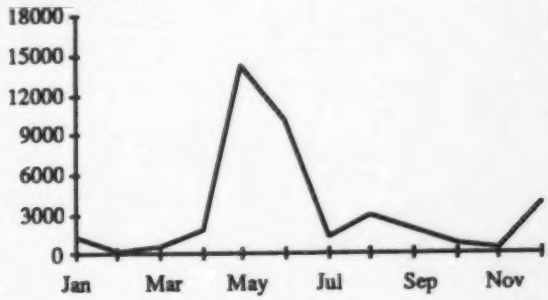


Atlantic Canada

1989



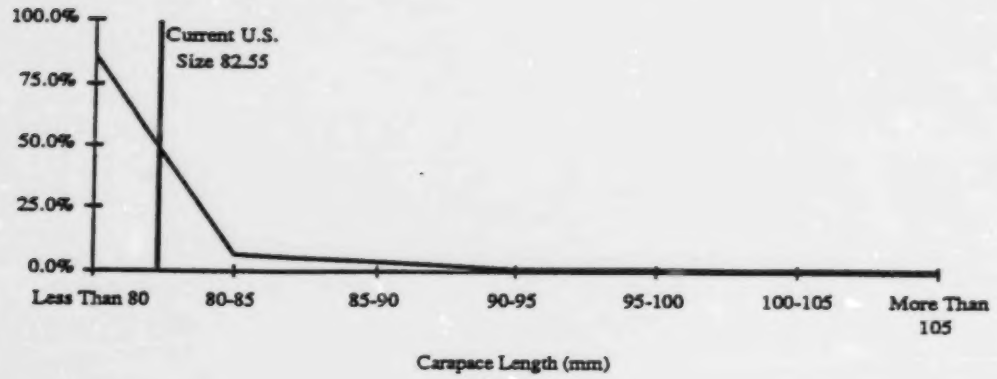
1988



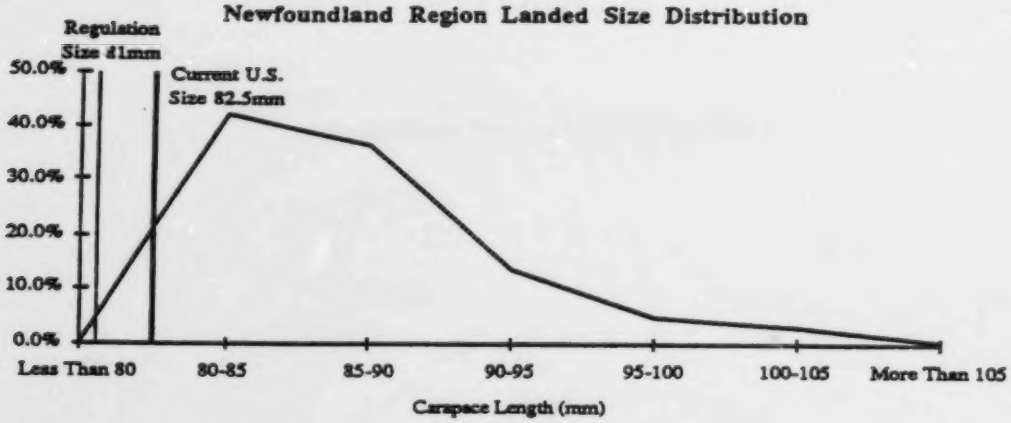
Source : Department of Fisheries and Oceans - Statistics Branch

EXHIBIT 1.5: Landed Size Distribution By Region

Gulf Region Landed Size Distribution



Newfoundland Region Landed Size Distribution



Scotia Fundy Region Landed Size Distribution

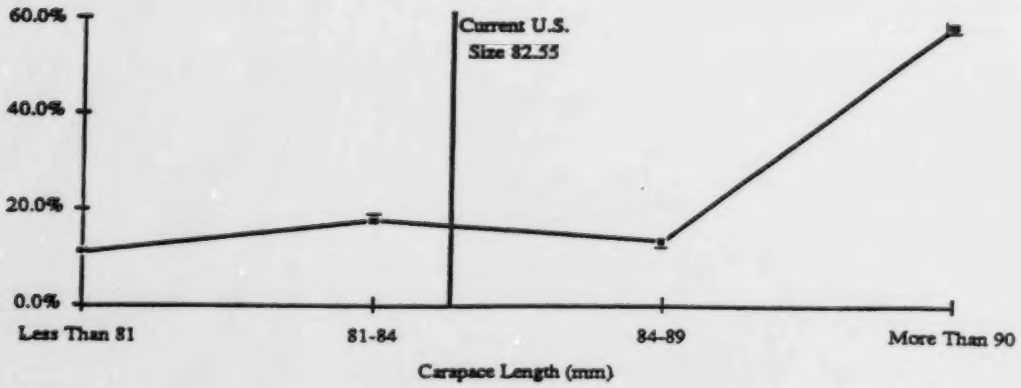


EXHIBIT 1.6 : Number Of Processing Facilities Handling Lobster

Region	Live	Frozen	Canned
Scotia-Fundy	109	6	-
Gulf	48	17	14
Quebec	40	-	-
Newfoundland	54	2	1

Source : Department of Fisheries and Oceans - Statistics Branch
Notes: (1) Some plants will be included in more than one category.
(2) 1988 data.
(3) Some of these facilities would be merely buying stations, rather than "plants", although all would be registered with DFO.

The significantly higher percentage of market size lobsters in the overall catch plus the 'second' winter fishery has allowed processors in Scotia-Fundy to concentrate on the live lobster market, whereas companies in the other major area, the Gulf Region, have had to become more diversified. Packers in Quebec and Newfoundland have not in general invested in processing facilities; they either sell live lobsters directly to customers or to other companies in the other regions.

Over the years a mutually supportive arrangement has developed between Canadian and New England live lobster dealers. Even though they are primarily competitors in the final analysis, the mutual use of pounds enables companies in both countries to buy and sell lobsters in order to balance their seasonal supplies with the fluctuations in market demand throughout the year. Many of these relationships are long standing and provide a greater degree of stability than would otherwise be the case.

1.3 Markets

The United States is the dominant market for Canadian lobster products; taking approximately 70% of total export value in 1988 and 1989 (Exhibits 1.7 and 1.8).

Although remaining by far the most significant market overall for Canadian lobster products, the U.S. market share is slipping. Exhibit 1.8 illustrates how Canadian exports to the U.S. have levelled off while those to Europe and Japan, in particular, were steadily growing until the period of general market weakness illustrated by the 1989 export sales.

The remainder of this report will focus on the U.S. market.

EXHIBIT 1.7: Market Destination - Canadian Lobster Products (1988 Product Value - Cdn $'000 F.O.B. Plant)

Product		U.S.	Japan	France	Europe Other	Other	Total
Live		145,687	7,134	9,913	27,690	2,631	193,055
Cooked:	Fresh in Shell	3,727	449	375	251	3	4,805
	Fresh Meat	5,613	-	41	361	-	6,015
	Frozen in Shell	18,763	7,603	4,178	2,366	323	33,233
	Frozen in Brine	869	7,142	16,405	10,329	107	34,852
	Frozen Meat	42,433	479	1,770	1,960	126	46,768
	Canned (Hot Packed)	16,767	454	378	783	3	18,385
	Other	2,181	228	208	187	2	2,806
Totals ($ '000)		**236,040**	**23,489**	**33,268**	**43,927**	**3,195**	**339,919**
%		**69%**	**7%**	**10%**	**13%**	**1%**	

Source: Statistics Canada - Fisheries and Oceans

EXHIBIT 1.8: Export Market Trends (Product Value - Cdn $'000 - F.O.B. Plant)

		1986	1987	1988	1989
United States		217,674	236,449	236,040	201,107
Japan		8,656	19,148	23,489	14,862
Europe:	France	14,273	20,523	32,890	29,280
	Other	29,850	36,969	44,305	40,578
Other		850	1,770	3,195	1,708
Total $'000		**271,303**	**314,859**	**339,919**	**287,535**

Source: Statistics Canada - Fisheries and Oceans

1.4 Current Issues

There are a number of factors which are directly impacting on the current (May 1990) status of the Atlantic Canadian lobster fishery:

- an apparent weakening of final consumer demand for lobster in the U.S. during 1989 resulting in sluggish sales.
- excessive inventories of 1989 frozen product, both canned and brine, had a serious "overhang effect" on the prospects for 1990 prices.

- a generally weak financial situation throughout the fishing and processing sectors left limited flexibility for many in the industry to respond to any crisis situation in lobster markets.

- a strong Canadian dollar and high interest rates affecting the potential profitability of lobster fishermen, shippers and processors.

- passage by U.S. Congress of the law prohibiting importation of live lobsters with a carapace size smaller than 3.25 inches (see Appendix 5 for U.S. federal and state regulations)

- Canada's challenge of the U.S. minimum size legislation to the FTA panel has been overruled.

- increasing Canadian lobster landings and, more importantly, the general expectation that this trend will continue in the future.

- current (May 1990) record low prices at the wharf level.

- ongoing discussions about the merits of Canada increasing the minimum legal size of lobsters in Scotia-Fundy and in the Gulf, and statements by some Gulf fishermen groups that they intend to voluntarily respect a larger minimum size

2.0 OVERVIEW OF THE U.S. LOBSTER MARKET

2.1 Shellfish Market - Supply Trends

Two significant trends have occurred on the supply side of the U.S. shellfish market during the last decade. These are clearly shown in Exhibit 2.1. One factor has been the continuing increase in shrimp (the dominant shellfish) consumption, primarily resulting from the explosion in international aquaculture. The other major factor has been the rapid fall in King Crab supplies due to over fishing in Alaska. Supplies of spiny lobster and snow crab have remained relatively stable or declined slightly over the same time period. Lobster and scallop supplies have steadily increased throughout the decade.

Analog products made from surimi are not considered to be directly in the shellfish market segment. Their sales have grown dramatically over the last decade and since most of these products are marketed as shellfish look-a-likes and substitutes they have had some competitive impact at the low price/high volume end of the traditional shellfish market during this time period as well.

2.2 Lobster Supply

The total supply of American Lobster, in all its product forms, has been steadily increasing at an average rate in excess of six million pounds (live weight) per year since 1980 (Exhibit 2.1). U.S. domestic landings have only slightly increased during this period and imports of canned lobster meat decreased drastically in the early 1980's and have remained low ever since. As can be seen in Exhibit 2.2, the total supply increase has come from imports of fresh and frozen lobster products, all from Canada.

2.3 Price Trends

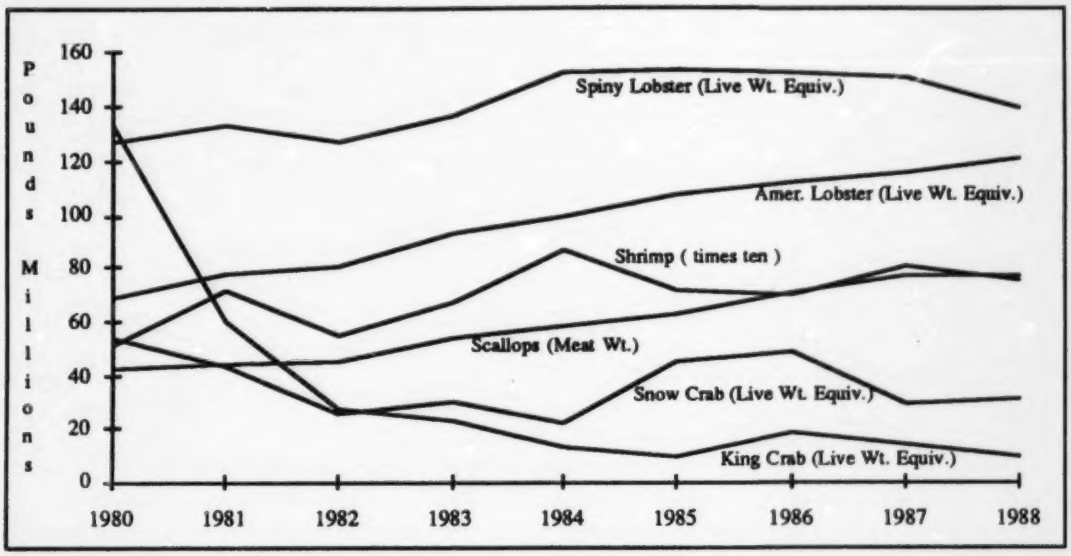
Shellfish prices, as illustrated by U.S. ex-vessel prices have remained relatively stable over the long term (Exhibit 2.3). The only exceptions are the steady increase in King Crab prices due to the resource scarcity problem and the steady increase in American lobster prices. Average Canadian ex-vessel prices have been included for illustration purposes. Although it seems to fluctuate more from year to year the Canadian average ex-vessel price does tend to move in parallel with the U.S. price, which is to be expected.

2.4 Recent Market Behavior

As with any market, there are a variety of ongoing factors which influence the supply/demand equilibrium for Canadian lobster in the U.S.. The resulting fluctuations in prices are a normally expected element of the business.

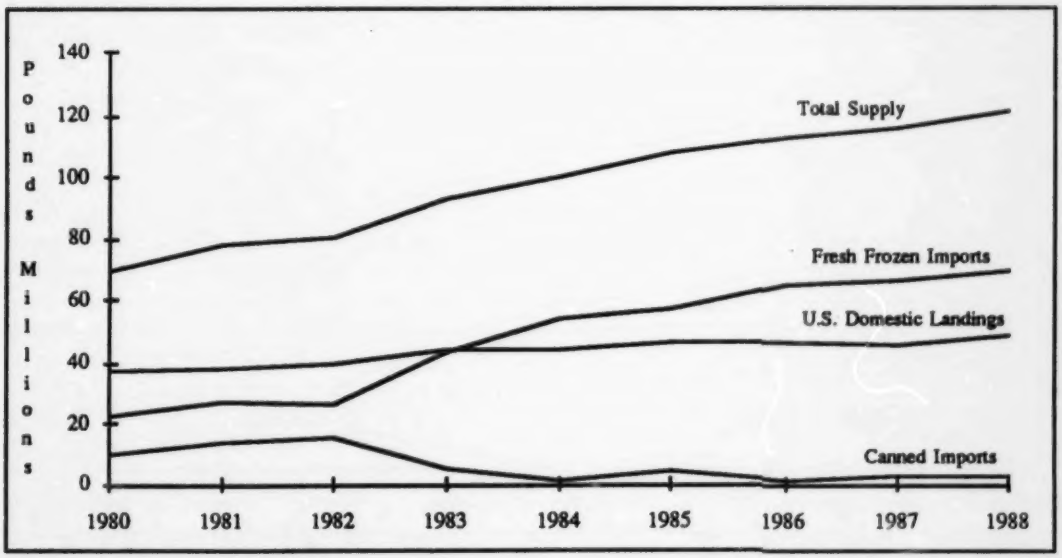
The first quarter of 1990 was an unusually unstable period in the U.S. lobster market however. The combination of excessive 1989 inventories of frozen canned and brine lobsters, an apparently

EXHIBIT 2.1 : Trends Of U.S. Shellfish - Net Supply



Source : Fisheries of the United States - 1988
Note : Shrimp supply presented is divided by ten for ease of presentation.

EXHIBIT 2.2 : U.S. Supply - American Lobster (Equivalent Live Weight)



Source : Fisheries of the United States - 1988

EXHIBIT 2.3: U.S. Ex-Vessel Price Trends (U.S. $/lb)

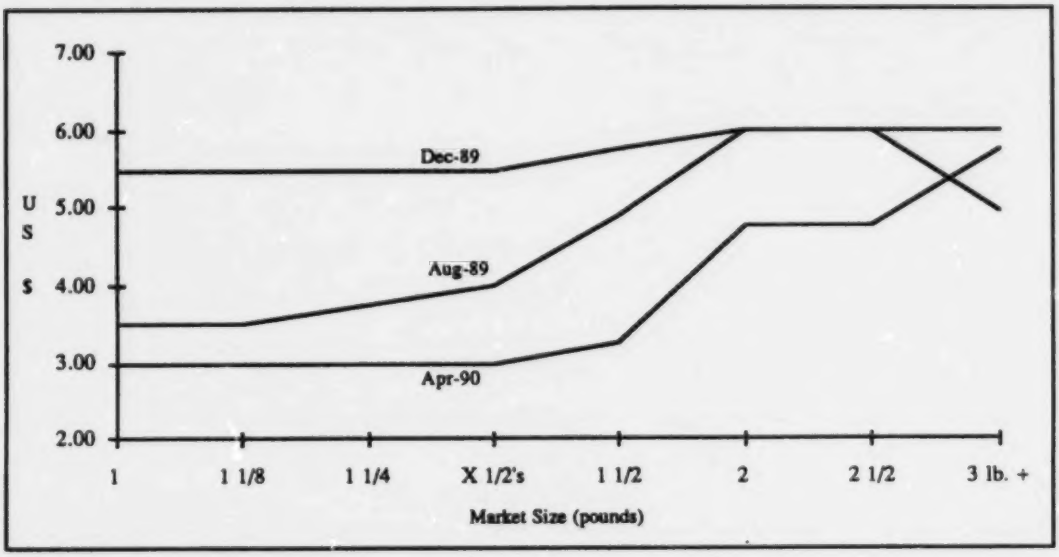
Years	*Lobster Cdn $/lb Landed*	Lobster		Crab		Scallops		Shrimp
		American	Spiny	King	Snow	Calico	Sea	Gulf
1988	*2.97*	2.99	3.21	4.01	0.94	1.05	4.20	1.84
1987	*3.39*	2.93	3.70	3.40	0.87	1.09	4.13	1.82
1986	*2.87*	2.62	2.84	3.38	0.76	1.91	4.87	1.85
1985	*2.68*	2.49	2.69	2.62	0.60	1.00	4.71	1.52
1984	*2.42*	2.60	2.74	2.34	0.71	0.55	5.30	1.73
1983	*2.32*	2.43	2.63	2.65	0.88	1.25	5.45	2.10
1982	*N/A*	2.31	2.51	2.91	1.06	1.03	3.66	2.03

Source: U.S. Department of Commerce and DFO Statistics

increasing lack of final consumer interest in lobster throughout the U.S., the confusion and instability created by the new U.S. minimum size legislation, the generally weak financial condition of many companies in the Canadian fishery and the prospect of the continuing long term trend of increased landings, resulted in the rapid weakening of live lobster prices, primarily in the smaller sizes. This price decline was predicted by some to occur with the opening of the winter fishery in Scotia-Fundy in November, 1989, but, although catch rates were high the overall catch was down due to unusually bad weather, and the onset of the real market weakness was delayed until spring.

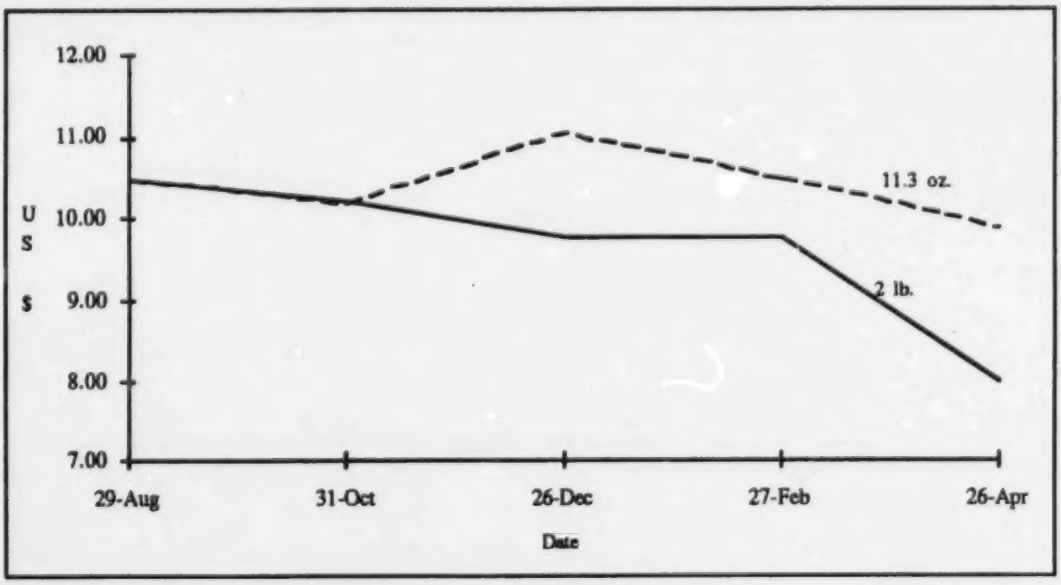
Exhibits 2.4 and 2.5 illustrate these trends although the actual prices shown should be treated with caution since they were derived from a published market newsletter.

EXHIBIT 2.4 : Changes In Primary Importer's Selling Price By Season And Size For Live Lobster ($/lb)



Source : Seafood Price Current- mid month prices

EXHIBIT 2.5 : Changes In Primary Importer's Selling Price By Can Size For Frozen Meat ($/lb)



Source : Seafood Price Current

2.5 Minimum Size Regulations

Various states have had differing regulations concerning the minimum allowable lobster size for many years. Effective in January, 1990, the U.S., for the first time, enacted federal legislation as well. Appendix 5 lists the current status of these regulations.

In general, any differences between Canadian and U.S. regulations complicate the marketing and distribution process for the industries of both countries. Such complications lead to added costs in culling on-board vessels, sorting in the plant, and in selling and shipping. This incremental cost, which must be absorbed within the system somewhere would, theoretically at least, result in some combination of reduced consumption due to higher prices and/or lower profits for all sectors of the industry.

From the standpoint of the logistics of the distribution of live lobster, the introduction of the federal legislation eliminates the previous complication of dealing with the various state laws. From the marketing perspective, however, it eliminates the opportunity to sell, anywhere in the U.S., live lobsters less than 3.25" carapace length. This affects not only the smaller Canadian Gulf lobsters but also those lobsters from the Scotia-Fundy Region between the Canadian legal size of 81 mm (3 3/16") and the U.S. legal size.

3.0 BROKERS/DISTRIBUTORS

3.1 Definition

Brokers and distributors are the middlemen in the seafood marketing business. Their theoretical role, the efficient movement of product from producers to consumers, is based on information; they know where to get specific products at competitive prices, and they know where to sell products at optimum prices. By effectively combining this mixture of products and markets they provide an economically justifiable service in the marketing chain for which both producers and customers are willing to pay.

In the seafood trade the distinction between brokers and distributors is often blurred. Brokers act as selling agents, receiving a commission percentage from the supplier for arranging the sale. They do not take possession of the product or become involved in invoicing, collection of receivables, etc. Distributors on the other hand purchase product from processors for their own account, hold inventory and supply their customers on a regular basis. While brokers act more as a selling agent for the processor, distributors are more of a purchasing agent/supply source for buyers. A third category of middleman is the trader. As the name implies traders look for immediate short term opportunities to do a quick buy-sell transaction with a net profit to themselves. They often do 'back to back' sales; that is they make a sale for a fixed price and quantity subject to confirmation, and then attempt to lock up the equivalent supply at a price which will net them a profit. They tend to be used to workout excess inventories and are often the first signal of a supply shortage. Many seafood middlemen in the U.S. market are combinations of all three depending on the type of product, their relationships with specific customers and suppliers, their financial capability to handle inventories, and so on.

The principal role of distributors, of all types, is to source product that their customers want, at pricing that is competitive. As a result they tend to react to, rather than initiate, changes in market demand. If their customers lose interest in a particular product, for whatever reason, the distributors will also quickly lose interest if they are unable to obtain a new supplier at a more competitive price (or whatever else would be required) and will look for another product which their customer may find of interest. Therefore, although distributors can in many cases be very much aware of current market trends, they may not understand the real reasons for them as well as direct participants such as restaurants or supermarkets, who are dealing with the end consumer.

Also, as middlemen they are not as concerned with specific price levels as much as with the spread, or margin, between what they can buy for and what they can sell for.

3.2 Role in U.S. Lobster Market

Lobster is relatively unique in North American seafood marketing because it involves live as well as processed product. Handling live product requires an essentially different logistical system and marketing organization than that for frozen or other processed products. Therefore, there tends to be a distinction between brokers and distributors who handle only live lobster, and those who handle processed lobster products in conjunction with other seafood products.

A brief review of "Who's Who in the Fish Industry 1990" indicated listings for approximately 2,700 companies calling themselves brokers and/or distributors. Of this total about 700 indicated they carried 'Maine/Canadian Lobster' in some form. It is not known what percentage this would be of the total numbers of middlemen in the U.S. lobster trade but it does give some idea of the number who are interested enough in lobster to mention it in one industry directory.

3.3 Survey Design

The survey was intended to capture the opinions of brokers and distributors throughout the U.S.; not just those currently heavily involved in lobsters. The rationale for this approach was that since the underlying objective was to increase overall sales and consumption of lobster, the opinions of those in potentially new or under-developed market areas were just as important, if not more so, than those already having a vested interest in the business.

The appropriate number of firms to be contacted from each state, and hence each region, was derived from state populations and the workplan of contacting 25 distributors in the North East and 50 in the rest of the country. Firms were arbitrarily chosen from industry listings with the intention of covering, as much as possible, the full spectrum of large and small companies, large and small communities, and so on. All companies who were contacted had indicated in some listing that they handled lobster.

3.4 Survey Findings

3.4.1 Relative Importance of Lobster

The interesting thing to note from the survey results is that the most common reason expressed by distributors for handling lobster was requests from their total mix of customers. There was also an indication of profitability from four of the six regions. This is not surprising because distributors cannot afford to carry unprofitable lines for very long, unlike supermarkets or restaurants who can use a 'loss leader' strategy. Lobster ranged fairly evenly from being important to not being important at all with those surveyed. Those indicating it was critical were companies solely in the live lobster business in New England. (Because of the low number of actual respondents from the Pacific region, those results are likely not fully representative.)

EXHIBIT 3.1: Why Do You Carry Lobster ?

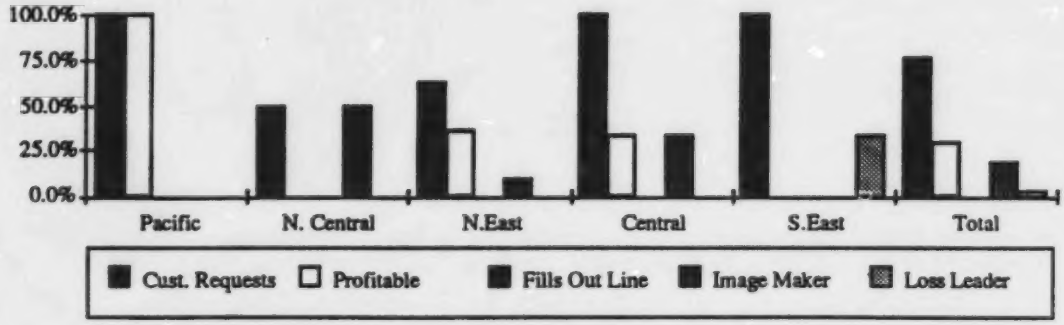
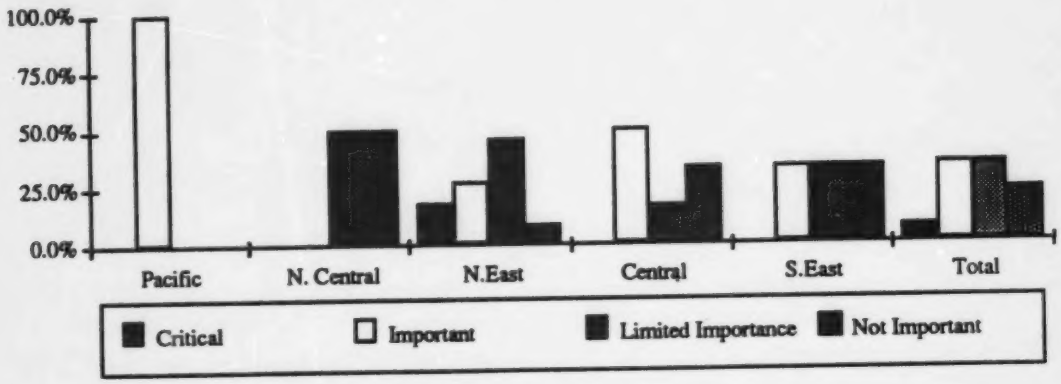


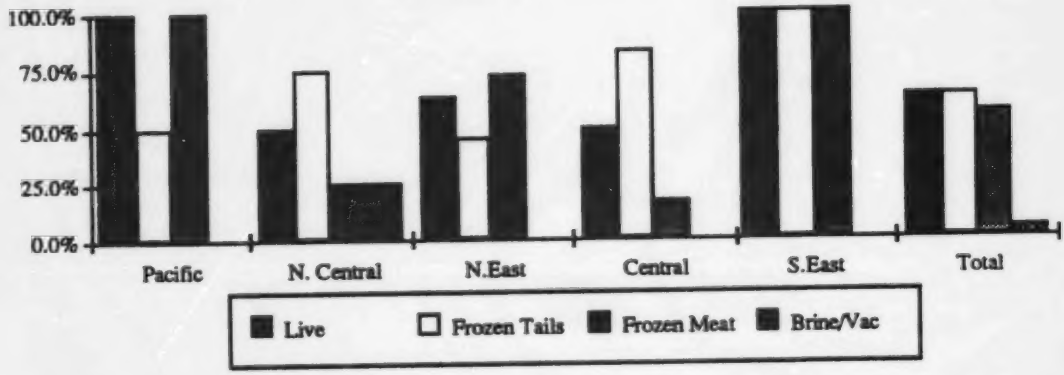
EXHIBIT 3.2: How Important Is Lobster ?



3.4.2 Purchasing Characteristics

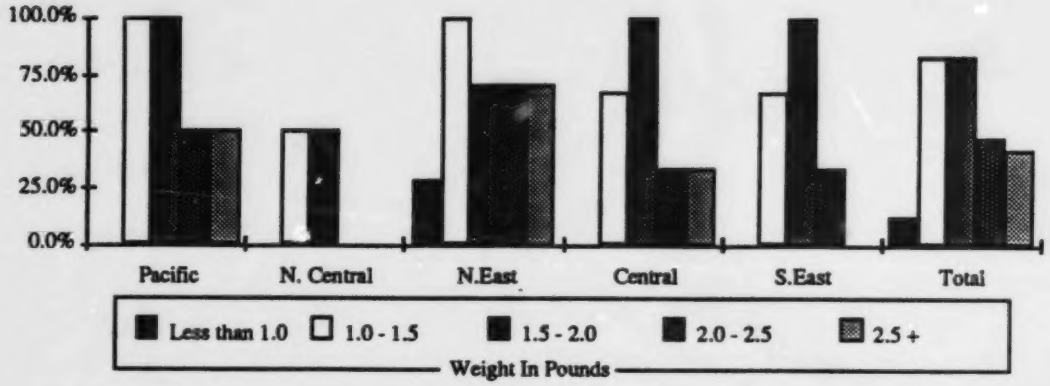
Live lobsters, frozen lobstermeat, and frozen tails (warm water and cold water) were each carried by approximately the same percentage of distributors surveyed across the U.S.. Other lobster products were not significant with respondents.

EXHIBIT 3.3: What Type Of Lobster Do You Buy ?



The most common sizes of live lobster purchased were those between one and two pounds. Most distributors said they only brought in sizes larger than this on special orders because there was no regular market for them. Dealers in New England specializing in lobster were different because they normally handle the lobsters in the same size proportions as they come from the water. The North East was also the only region which handled lobsters under one pound; everywhere else they were not of any interest.

EXHIBIT 3.4: What Size Of Live Lobster Do You Buy ?



3.4.3 Customers for Different Products

Distributors serviced the full range of clientele from local fishmarkets and supermarkets to all levels of the restaurant business from fast food to white table cloth. This applied to their sales of lobster products as well as their general seafood line. There was no consistent pattern of principal buyers for particular products. The only exception to this seemed to be very few distributors indicated that they sold any lobster products to any fast food restaurant and the two pound can of frozen meat was not sold in retail (supermarkets and fish markets) unlike the 11.3 ounce can which was sold there as well as in the food service business. Otherwise there seemed to be a very widely spread diversification of customer categories.

3.4.4 Competitive Products

The most common comment from distributors throughout the survey was that live lobster did not really have any direct competition from other seafood products. This was borne out in the analysis of the survey data. In most distributors' opinion live lobster was a stand alone product. A minority felt that frozen tails, shrimp and crab were serious competitors. Interestingly one small distributor stated that surimi analog products had seriously decreased his live lobster sales as well as that of his lobster meat, although he couldn't explain why.

The same question regarding the market competition for lobstermeat resulted in a wider variety of answers. Only salmon, and to a lesser extent scallops, seem not to be considered significant competition. Everything else is thought to be competitive to a greater or lesser degree.

Surimi products did not seem to be considered serious competition. Throughout the survey the comment was repeatedly made that lobster was not in direct competition with any product. For example, one distributor described one customer, an oriental seafood restaurant, which always bought lobstermeat because that was the product wanted for certain recipes. It was not a question of comparing prices with other shellfish meat products or with analogs but only with other lobstermeat suppliers.

EXHIBIT 3.5: How Competitive Are These Products With Live Lobster ?

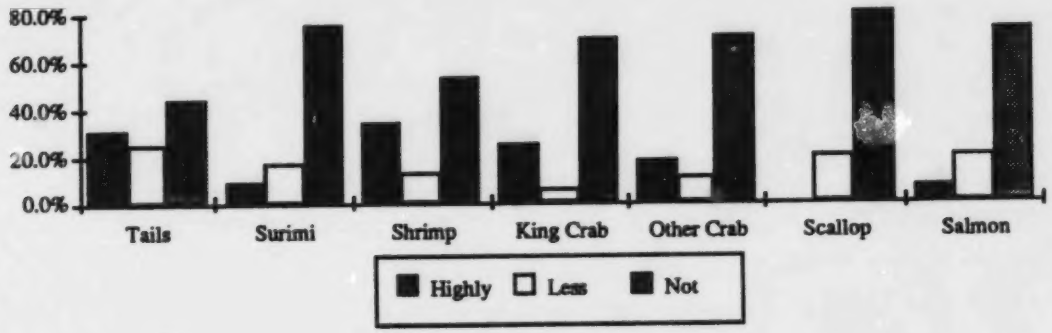
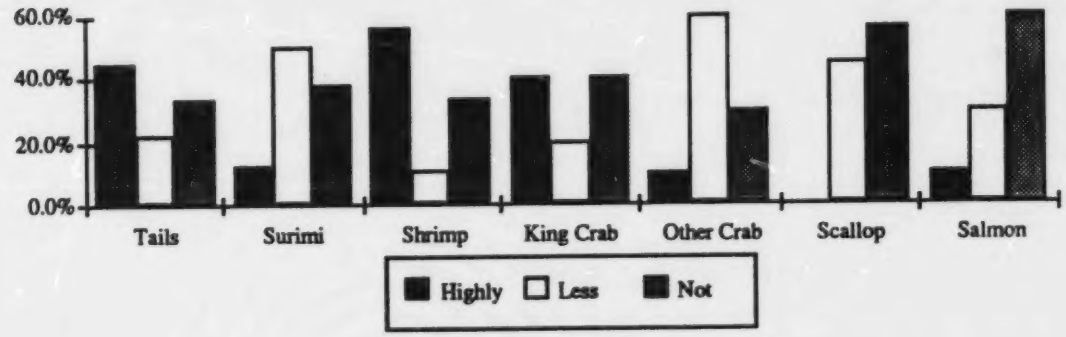


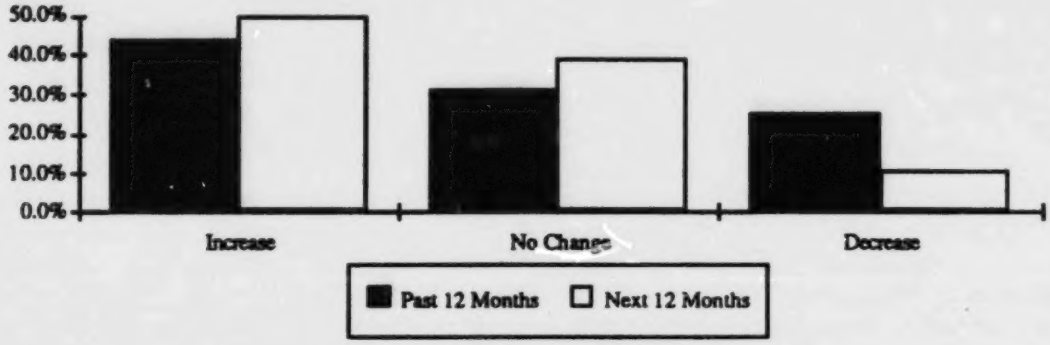
EXHIBIT 3.6: How Competitive Are These Products With Lobster Meat ?



3.4.5 Constraints to Expansion of Sales

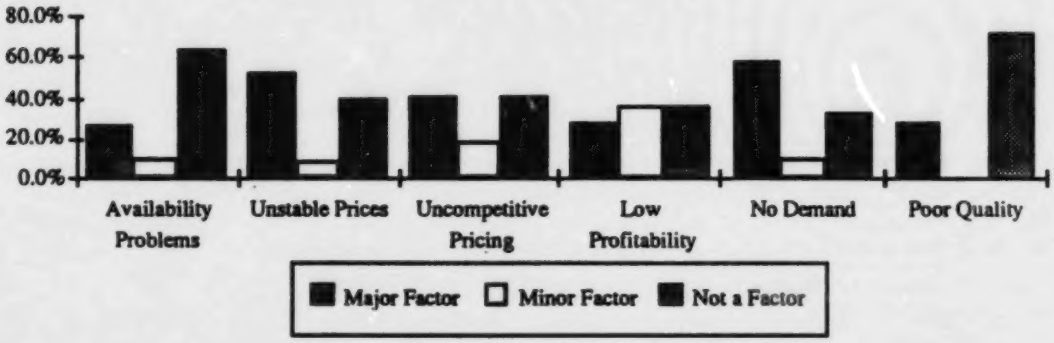
Most distributors had seen their lobster business either stay the same or increase over last year. Some of this was said to be the result of the recent (Spring, 1990) fall in prices for both lobstermeat inventory and for live lobsters. Most of the distributors in the more central areas of the U.S. who handle both lobster tails and live lobster seemed to feel that their total lobster market had been relatively stable and they expected it to stay that way. Elsewhere the mood was more optimistic.

EXHIBIT 3.7: How Were Your Recent Lobster Sales And What Do You Expect ?



Over half the distributors responding stated that a general lack of demand from their range of customers was the biggest factor in constraining their sales growth. Unstable and uncompetitive pricing were also considered to be significant impediments. The concern about poor quality came from distributors away from the Northeast Region. It applied particularly to mortalities and poor yield from live lobster. One distributor in the Central Region complained that New England suppliers send them "half dead" lobsters and then will not accept any claims. He did not indicate if he had been attempting to buy at a cheap price or if he had been dealing with one of the reputable firms.

EXHIBIT 3.8: How Much Of A Factor Are The Following In Stopping You From Buying More Live Lobster ?



3.4.6 Significant Regional Variations

The most significant regional variation is, of course, that the Northeast is the major distribution centre for lobsters in the U.S. and therefore lobster will be of more importance to those distributors. The high importance rating given lobster from the Pacific Region is primarily due to the small respondent sample size. It is likely that if a greater number of distributors in the area had responded the overall results would have more closely resembled the pattern from the rest of the country. With a few exceptions, most distributors surveyed did not seem all that interested in expanding their lobster business. There was no distinctive regional characteristics regarding lobster marketing in general that could be derived from the survey of distributors.

4.0 FOOD SERVICE OPERATORS

4.1 Definition

The food service category covers a wide range of businesses. In general, food service encompasses any method by which the general public receives food in some ready to eat form. In the seafood marketing industry it includes everything from a small fish and chip stand to a multi-restaurant chain, as well as institutional feeding operations such as hospitals, schools, the military and so on. In general, the food service business is growing in the U.S.; consumers are purchasing more and more of their meals ready to eat, away from home.

4.2 Role in Lobster Trade

Seafood sales are heavily dependent on the food service market relative to retail. Lobster, being at the high price end of the seafood spectrum, is even more heavily dependent on food service. Within the U.S. food service category, lobster is not widely spread across all sectors, as for example fish fillets or shrimp tend to be. Lobster would not be sold in school cafeterias, hospitals, or most fast food chains; it tends to be concentrated in medium and high price restaurants, particularly those specializing in seafood.

4.3 Survey Design

As was done for the survey of distributors and brokers, the food service industry was surveyed on a population basis, rather than on a current usage of lobster basis, on the theory that it was important for the purpose of this study to understand why those who used limited amounts of lobster did not increase their purchases. The principal source of contacts was the 1989 Directory of Chain Restaurant Operators. Only companies operating three or more restaurants are listed in this directory; a total of 3,305 companies representing 185,000 individual units. Obviously there are many single restaurants which also serve lobster, however, for the purposes of this survey it was thought that a geographic cross section of chains would define the market characteristics quite well.

The appropriate number of units to be surveyed in each state was determined on a prorata basis from the state's population. The specific companies were selected arbitrarily from the Directory attempting to ensure, as much as possible, a representative variety of sizes and types of units, and city size.

The institutional segment of the food service sector was not surveyed. Any usage of lobster would have been minimal and it would definitely not be an area with potential for growth. As well, it would have reduced the number of restaurants which could have been contacted.

4.4 Survey Findings

4.4.1 Relative Importance of Lobster

Restaurant operators were asked two questions to ascertain how significant lobster was to their operations.

EXHIBIT 4.1: Why Do You Carry Lobster?

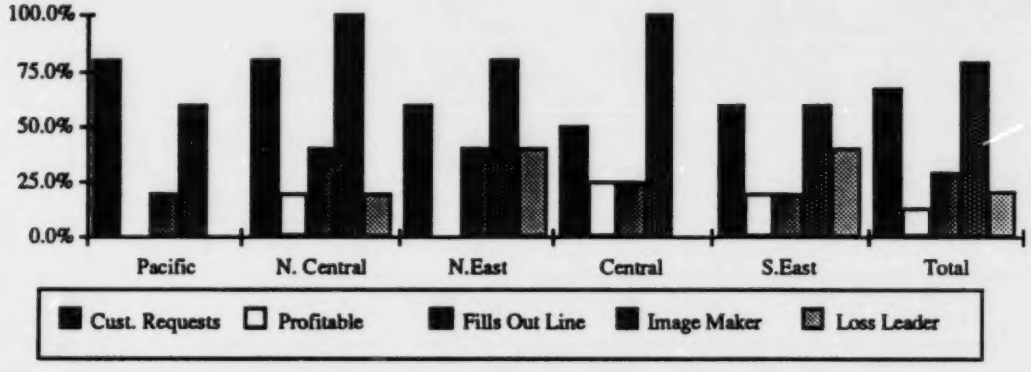
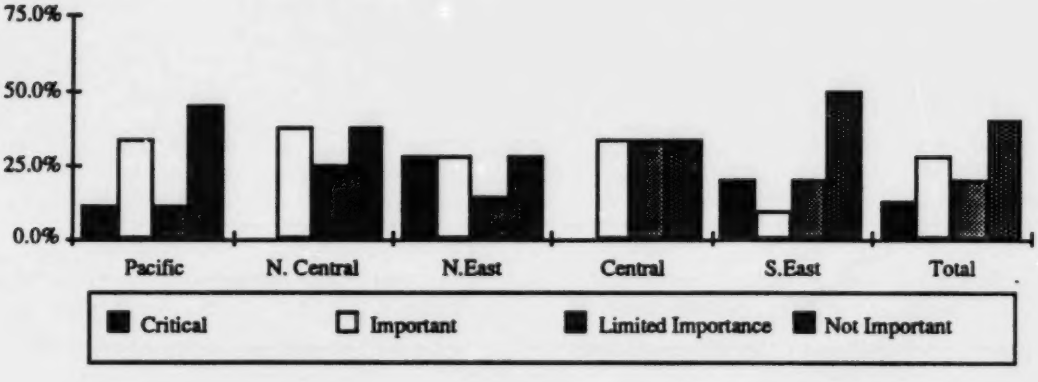


EXHIBIT 4.2: How Important Is Lobster?

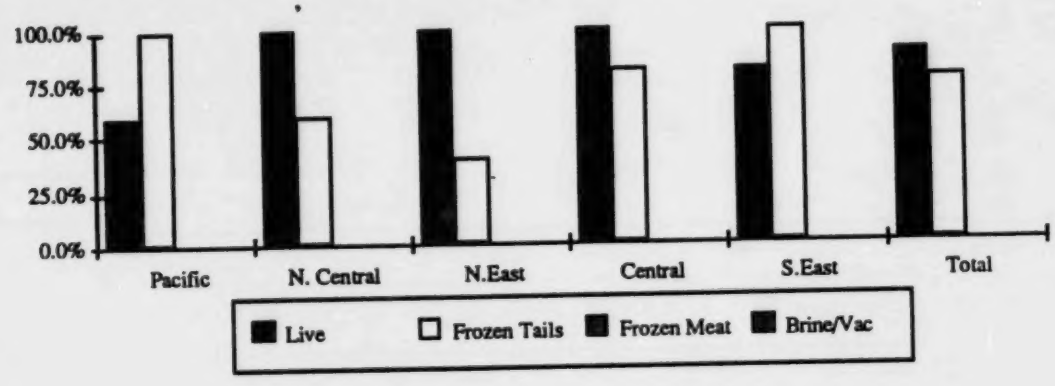


The answers in general indicate that restaurants carry lobsters because customers request it and because they feel it enhances their image. The key point from the Canadian industry perspective is that profitability is <u>not</u> the key factor. One seafood restaurant owner perhaps summed it up best when he stated that he has lobster on his menu because he is expected to have it; but he really hopes no one orders it because he does not make any money with it.

4.4.2 Lobster Purchasing

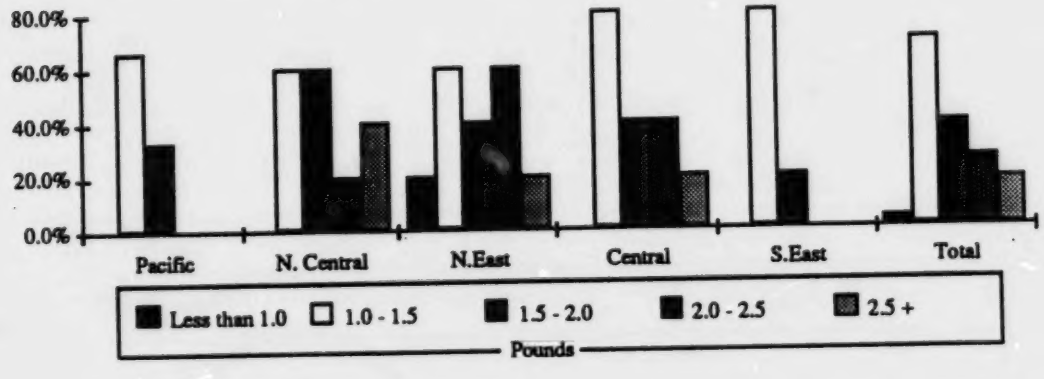
A very high percentage of restaurants using lobster purchase it in the live form and/or as frozen cold water or warm water tails. No other lobster products were a factor with the restaurants surveyed.

EXHIBIT 4.3: What Type Of Lobster do You Buy?



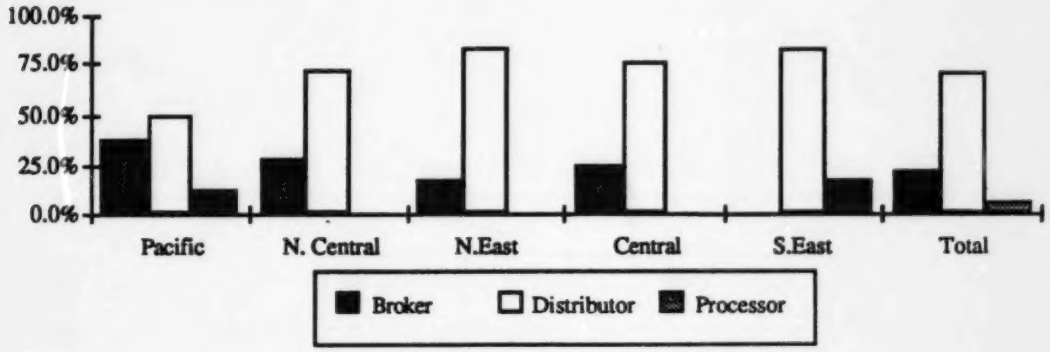
The 1 - 1.5 pound live lobster is the most consistently popular with the restaurants surveyed across the U.S., however, larger sizes are also common in the northern states. This may be because the extra unit cost of larger lobsters, plus the transportation cost, makes them uncompetitive relative to local shellfish such as crawfish in the more southern areas. The North East was the only area expressing any interest in the smallest lobsters.

EXHIBIT 4.4: What Size Of Live Lobster Do You Buy?



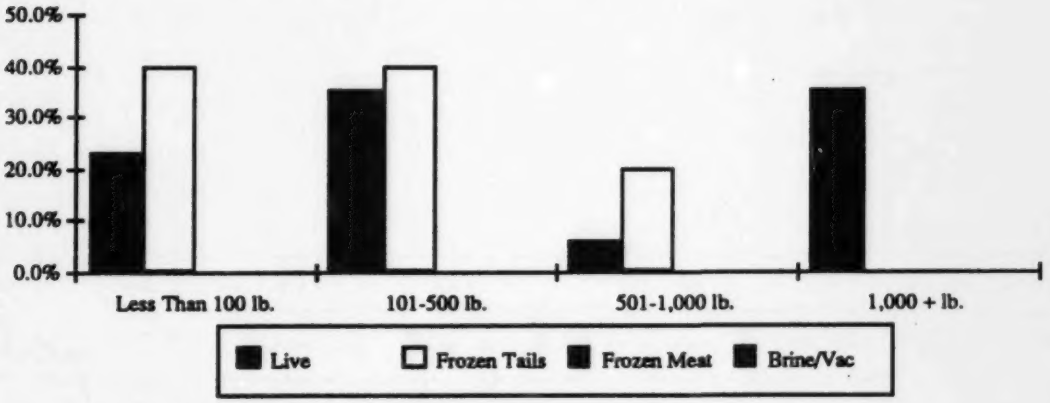
Local brokers and/or distributors were definitely the most important source of supply.

EXHIBIT 4.5: Who Do You Buy Your Lobster From?



Most of those surveyed purchased up to 500 pounds of live lobster weekly. The approximately 35% indicating weekly purchases in excess of 1,000 pounds were single buyers for multiple restaurant units.

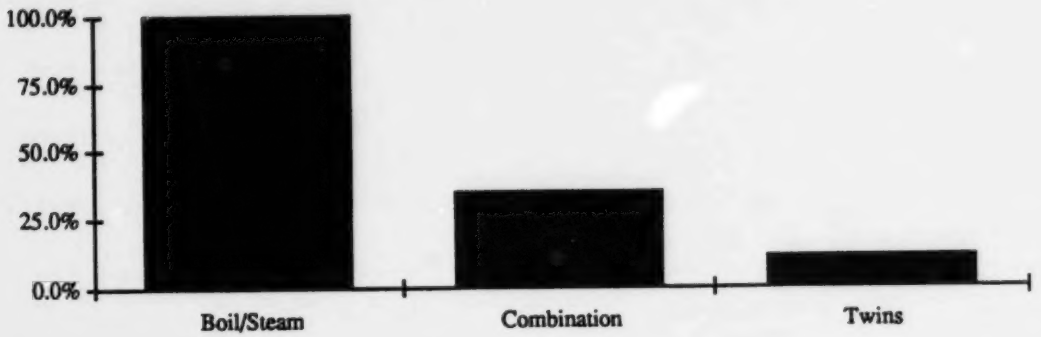
EXHIBIT 4.6: What Is Your Average Weekly Purchase?



4.4.3 Lobster Selling

As would be expected, all restaurants who carry live lobster serve it in the traditional boiled/steamed fashion. About one third also offer it as part of a combination meal such as 'surf and turf'. The 'double lobster' plate or 'twin' is not as common.

EXHIBIT 4.7: How Do You Serve Live Lobster?



A series of questions about average prices for live lobsters and lobster tail meals was asked. It can be seen that in white table cloth restaurants and in dinner houses, lobster tail meals tend to be sold for a higher price than live lobster. In family restaurants live lobster tended to be sold in the same $10-$20 price range regardless of lobster type or meal time. This would reflect the 'value-for-money' theme of these restaurant types.

None of the family restaurants surveyed which served a lobster tail lunch in the $20 - 30 price range offered a similarly priced supper. There was no apparent explanation for this from the survey data.

EXHIBIT 4.8: What Are Your Plate Prices For A Live Lobster Lunch?

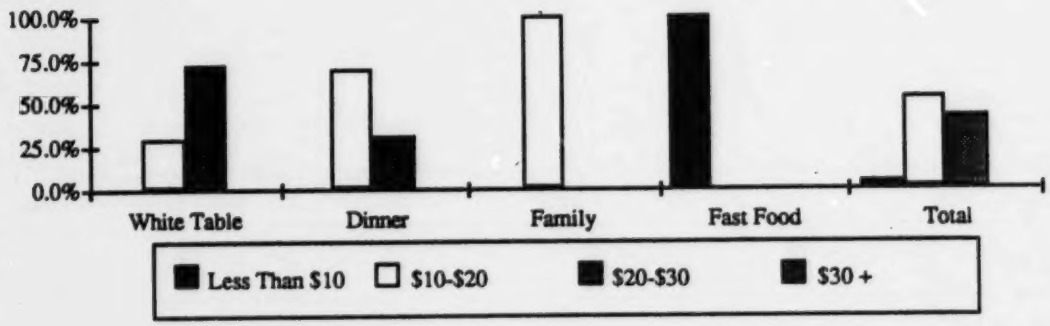


EXHIBIT 4.9: What Are Your Plate Prices For A Lobster Tail Lunch?

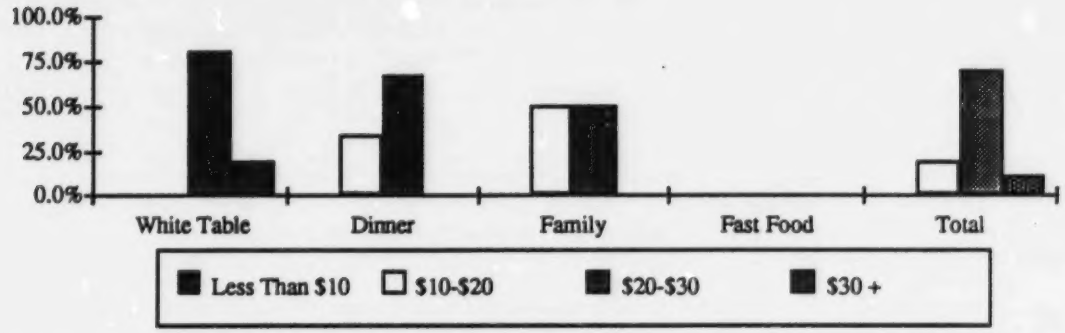


EXHIBIT 4.10: What Are Your Plate Prices For A Live Lobster Supper?

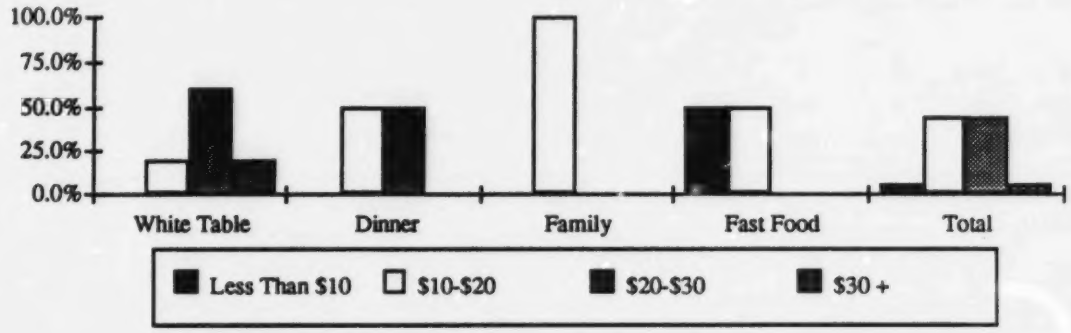
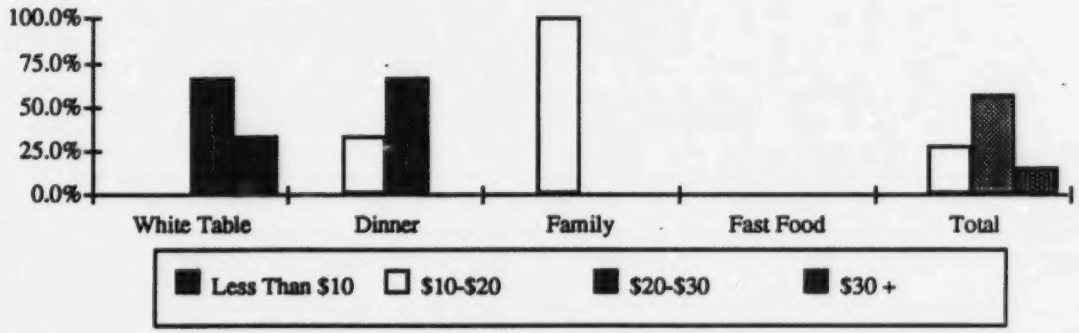


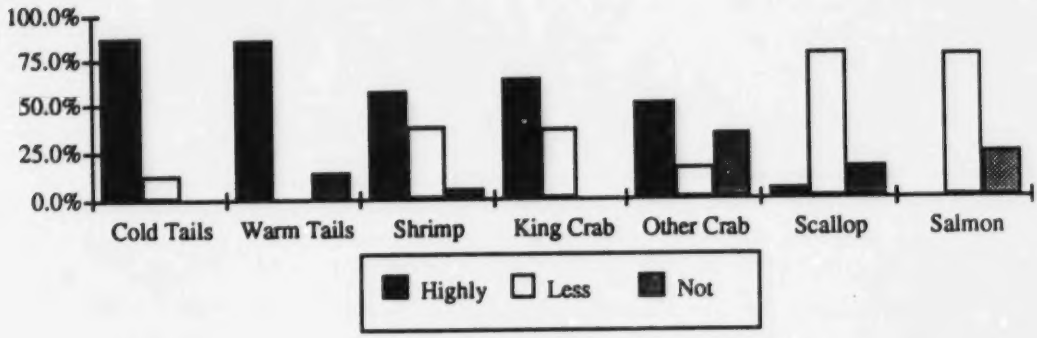
EXHIBIT 4.11: What Are Your Plate Prices For A Lobster Tail Supper?



4.4.4 Competitive Products

Restaurant operators were asked for their assessment of other high value seafood products as competition for live lobster.

EXHIBIT 4.12: How Competitive Are These Products With Live Lobster?

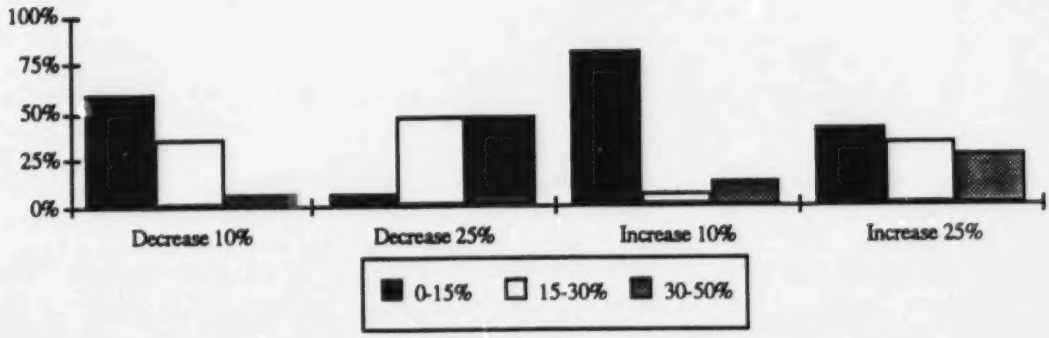


It is evident that frozen cold water and warm water tails are the key competition. Shrimp in its various forms is also significant, particularly in view of its great availability. King Crab, on the other hand, although viewed as a 'head to head' competitor by over half those surveyed, is a less serious threat because of supply shortages. It is interesting that scallops and salmon are not viewed as competitive. Restauranteurs felt that if customers were looking for a lobster meal when they came in, then it was really only a question of 'which kind of lobster', not making the decision between it and an alternative seafood.

4.4.5 Price Sensitivity

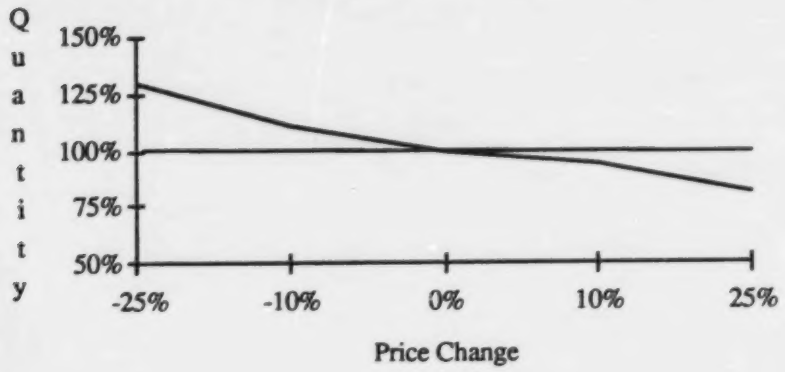
Restaurants were found to have a relatively flexible purchase response to live lobster price changes. The response to the questionnaire is shown in bar graph form below. For example, approximately 60% of respondents would increase their lobster purchases up to 15% if the price decreased 10%.

EXHIBIT 4.13: How Much Would Purchases Of Live Lobster Change If The Prices Decreased/Increased?



By using averages this data was converted to a curve which illustrates in a general way how restaurant operators say they would respond to changes in the prices they are currently paying for live lobster.

EXHIBIT 4.14: Demand Price Sensitivity - Live



One distributor described the price sensitivity of his medium price restaurant customers very clearly. He could sell them live lobsters as long as they were able to put a lobster meal on the menu in the $15-$20 range. He could sell 'lots' when this menu price could be close to $15, with the volume steadily declining as the price had to rise towards $20, at which point they would simply stop buying. Considering restaurants attempt a gross markup of 300% on total direct food costs, the maximum the distributor found he could hope to sell live lobsters for was about $3.95 per pound.

A similar evaluation was done for frozen lobster tails; the principal competition for live lobster in the food service market. The response to price changes seems to be similar to that for live lobster, although there did seem to be an indication of less changes in purchasing for small changes (plus/minus 10%) in price about the current level. This would be consistent with the fact that lobster tails are a more significant segment of regular business than live lobster and therefore there would be a tendency towards more stability in purchasing.

EXHIBIT 4.15: How Much Would Purchases Of Lobster Tail Change If The Prices Decreased/Increased?

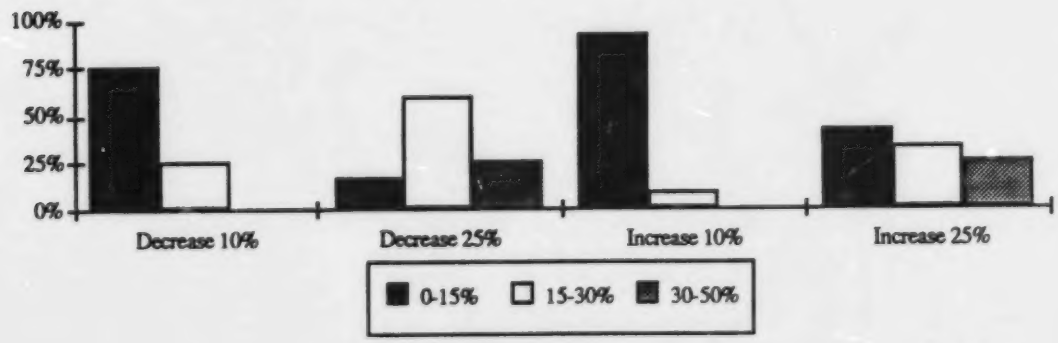
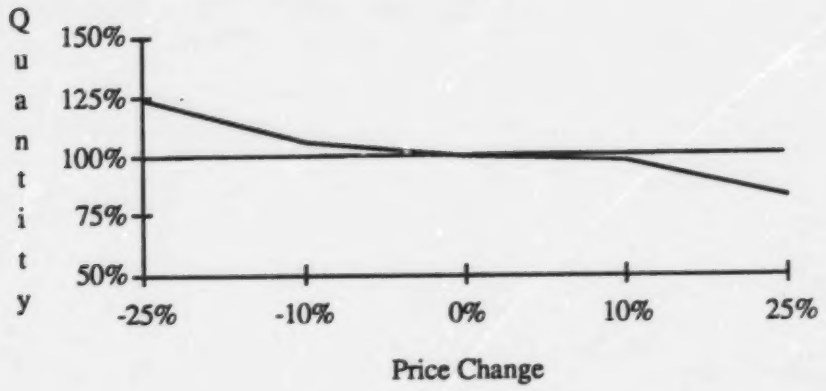
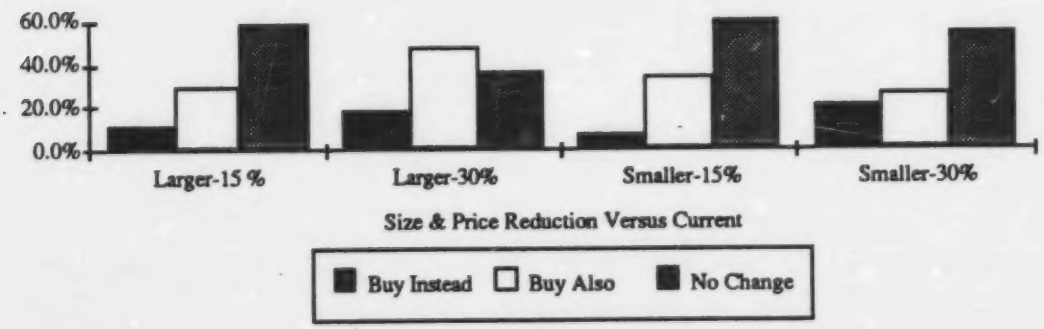


EXHIBIT 4.16: Demand Price Sensitivity - Tails



Restaurant operators were also asked how their purchasing pattern would change if the price of live lobsters larger or smaller than the size they are currently buying was reduced. The general conclusion was that even price reductions of 15% for alternative sizes would not result in a switch to another size. There may, however, be some additional purchasing of the alternative. Even a significant price reduction of 30% would result in only limited switching; the majority of respondents stating they either would not change their purchase size or would only buy the other size in addition. Understandably, a large reduction in the price of larger lobsters would cause more restaurants to try them in addition; likely with the intention of offering a 'special' meal of some sort.

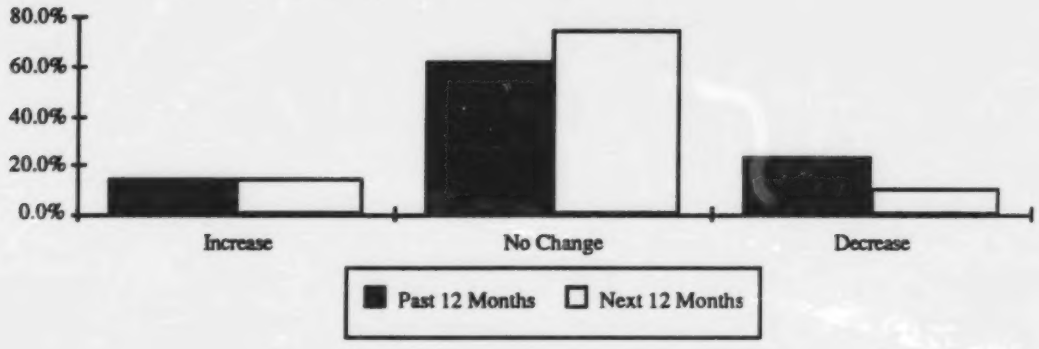
EXHIBIT 4.17: How Would your Size Prefedrence Change If Prices of Larger/Smaller Reduced?



4.4.6 Constraints to Expansion of Sales

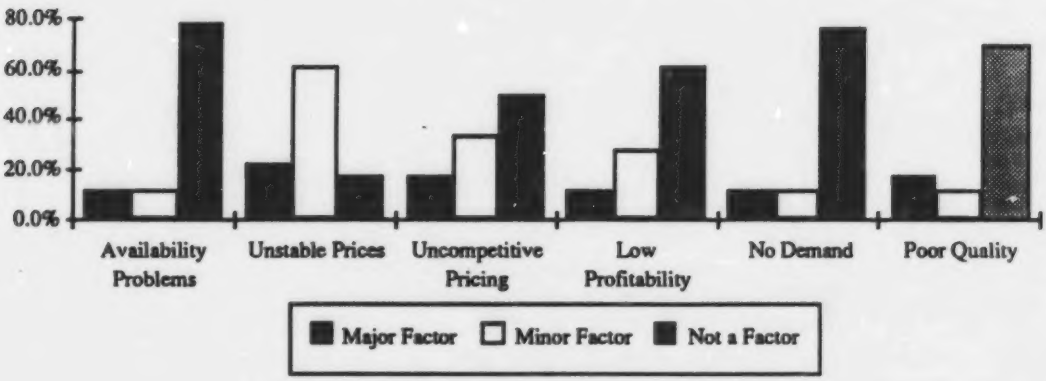
The greatest majority of restaurant operators saw no reason for their lobster business to change much either in the short term or over the next year or so.

EXHIBIT 4.18: How Do You See Past And Future Sales Of Live Lobster Performing?



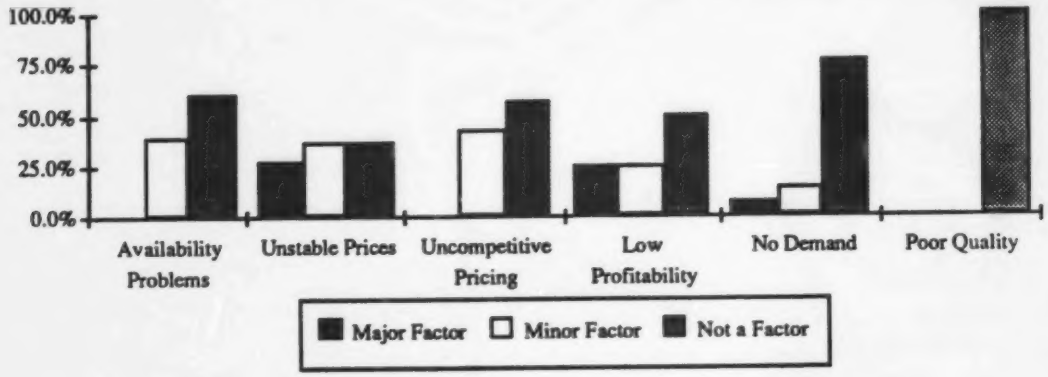
If the 'Major' and 'Minor' percentages are combined for each constraining factor; then unstable and uncompetitive pricing for live lobster (at least in the mind of the restauranteur) seems to be the biggest hurdle to increasing sales. The instability factor in particular seems to be a common theme; more than 80% of those surveyed thought it was relevant. Low profitability and poor quality were also significant points.

EXHIBIT 4.19: How Much Of A Factor Are The Following In Stopping You From Buying More Live Lobster?



The same questions were asked concerning live lobster's chief competitor; frozen lobster tails. It is interesting to note that the pricing and profitability issues are again the dominant constraints, but there was no perceived quality problems with the tails.

EXHIBIT 4.20: How Much Of A Factor Are The Following In Stopping You From Buying More Frozen Lobster Tails?



4.4.7 Significant Regional Variations

There was surprising unanimity among respondents across the U.S.. In spite of the variations in types of seafood available in the different regions, lobster was essentially carried as a means of enhancing the restaurant's image and because customers expected it to be on the menu. In the Pacific and southern regions, lobster tails were slightly more common than live lobster; the reverse being true in the remainder of the country.

5.0 SUPERMARKETS

5.1 Definition

Supermarkets are the key retail food marketing segment in the U.S. As in food service, they range from the single unit to the very large multi-unit conglomerates.

5.2 Role in Lobster Trade

Prior to this survey it was not generally clear what role supermarkets actually played in the U.S. lobster market. Some stores and chains held live lobster promotional events from time to time and some products such as meat, lobster in brine and vacuum pack moved through these stores, but in general it was not known how significant a factor supermarkets were in the sales of Canadian lobster. It was also not known how they perceived lobsters; whether as a problem or as an opportunity.

No statistical market share data was available for the U.S.. The conclusions reached during the survey and throughout this report are based on the relative data collected and the subjective impressions gained during the interviews.

5.3 Survey Design

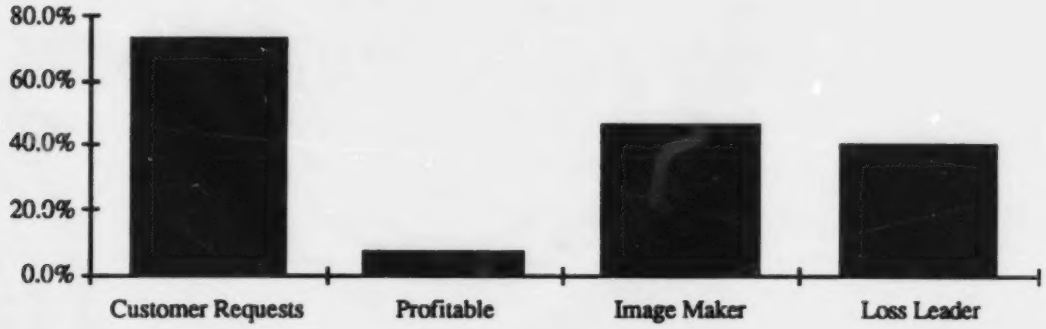
The survey was set up on the same population representative basis as for the other market sectors. Because of the great number of supermarkets across the U.S. and the apparent lack of a single comprehensive listing of them all, Canadian Consulates in each region to be surveyed were asked to arbitrarily select the appropriate number (for the survey) from their local telephone listings. This method, in combination with some other general information available, was used to prepare a contact list which was representative of all sizes of companies, from the single store to the multi-unit, and covered all parts of the country.

5.4 Survey Findings

5.4.1 Relative Importance of Lobster

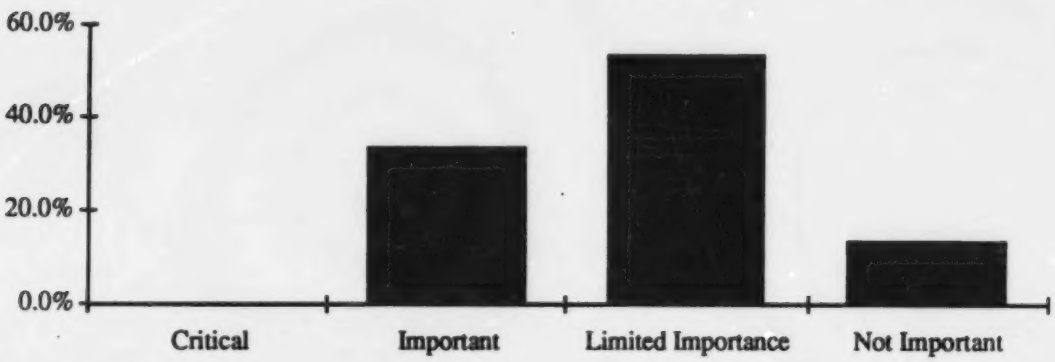
Supermarkets apparently carry lobster because they feel that their customers expect them to have it and in order to use it as a loss leader, rather than because it is a particularly profitable product on its own.

EXHIBIT 5.1: Why Do You Carry Lobster?



Lobster products in general are not considered critically important by supermarkets, which would be consistent with the reasons for carrying them defined above. Supermarkets are very conscious of consumer requests and use various loss leader strategies extensively. If attracting customers is lobster's commonly perceived role, than these marketing reasons would also explain why lobster is considered to be of some relative importance.

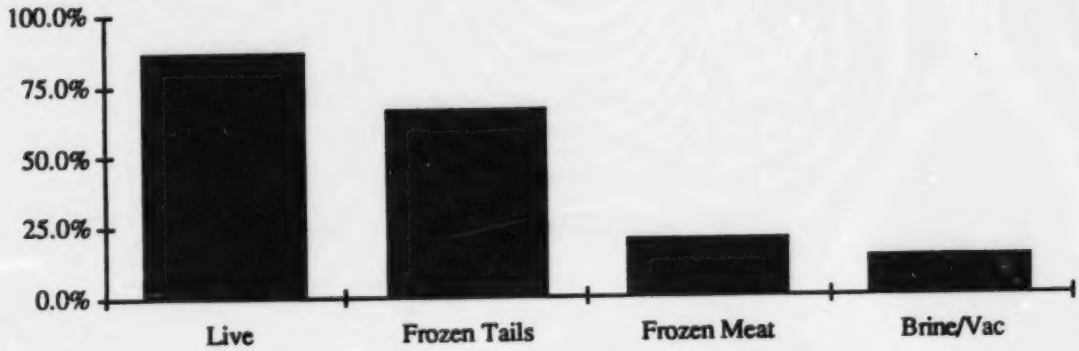
EXHIBIT 5.2: How Important Is Lobster?



5.4.2 Lobster Purchasing

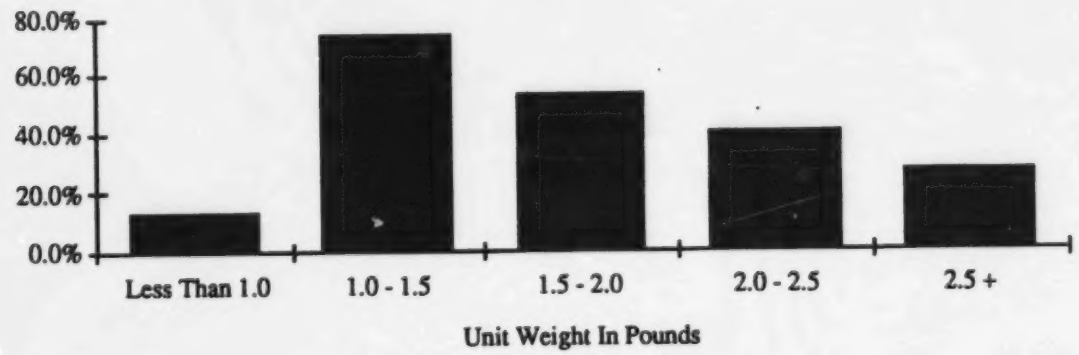
Of those supermarkets who handle lobster, live and frozen tails are the most common products. Less than 25% carry frozen lobster meat and even fewer sell lobster in brine and/or vacuum pack.

EXHIBIT 5.3: What Type Of Lobster Do You Buy?



Supermarkets purchase a wider variety of size ranges of live lobster than other marketing channels, such as restaurants, although the 1-1.5 pound range remains the most popular. This wider acceptable size range likely reflects the purpose for which supermarkets carry live lobsters; image, as a loss leader, etc. They are not faced with the constraint of a specific meal size (and price range) like restaurants, but rather will buy any size which happens to be attractively priced.

EXHIBIT 5.4: What Size Of Live Lobster Do You Buy?

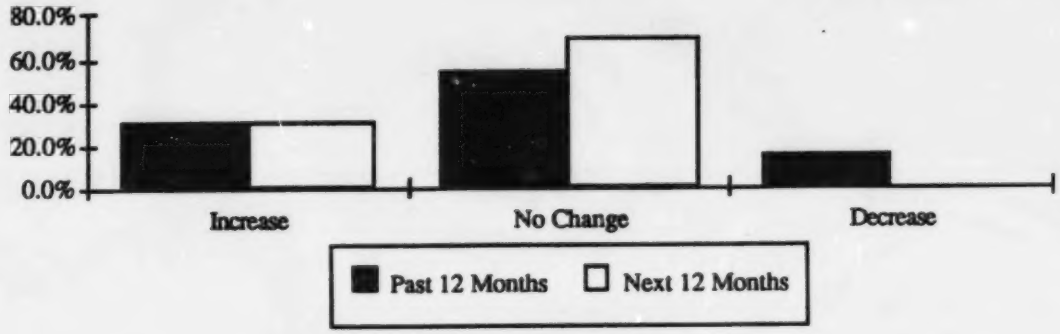


The most common live lobster single order size was 100-500 pounds per week, although some larger stores or multi-unit central buyers purchased over 1,000 pounds weekly.

5.4.3 Lobster Selling

Supermarket operators generally seemed to feel that their current lobster sales will stay basically the same although almost a third felt there would be an increase. (This part of the survey was completed before the spring drop in Canadian shore prices.) Approximately two thirds of those surveyed had in-store live tanks and ran lobster promotions; the remainder did not.

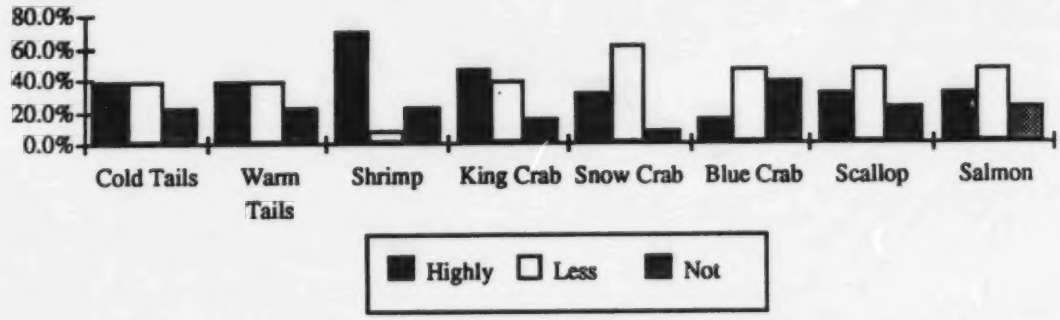
EXHIBIT 5.5: How Were Your Recent Lobster Sales And What Do You Expect?



5.4.4 Competitive Products

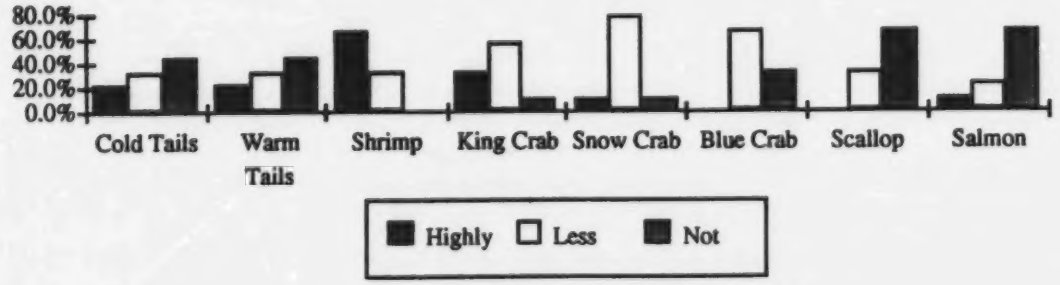
From the supermarket perspective, shrimp and king crab were highly competitive with live lobster although it seems virtually all shellfish, plus salmon, are considered to be competitive in some fashion.

EXHIBIT 5.6: How Competitive Are These Products With Live Lobster?



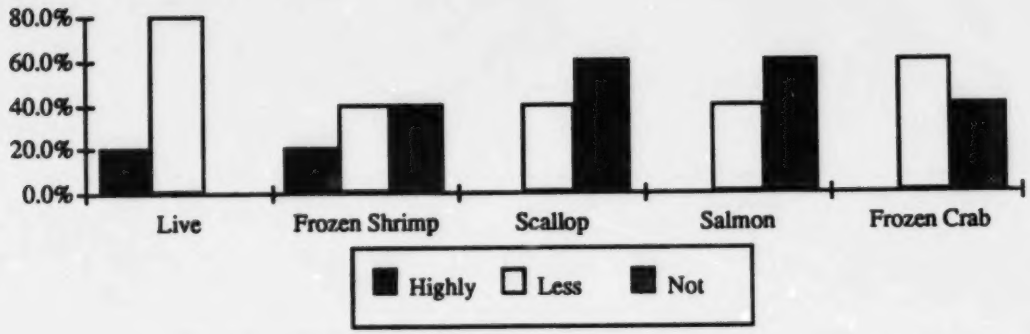
Shrimp was considered to be highly competitive with frozen lobster meat; no respondent thought that it was not competitive to some degree. The various crabs were also a factor.

EXHIBIT 5.7: How Competitive Are These Products With Lobster Meat?



The limited number of stores carrying vacuum pack or lobster in brine considered live lobster to be the principal competitor.

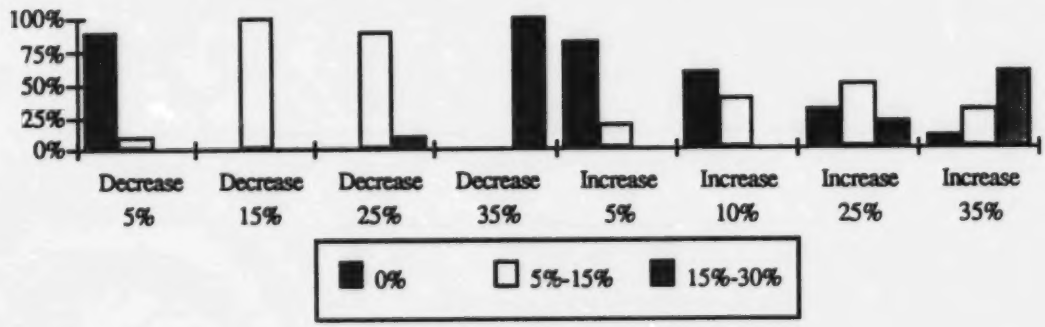
EXHIBIT 5.8: How Competitive Are These Products With Brined Or Vac Pak Whole Lobster?



5.4.5 Price Sensitivity

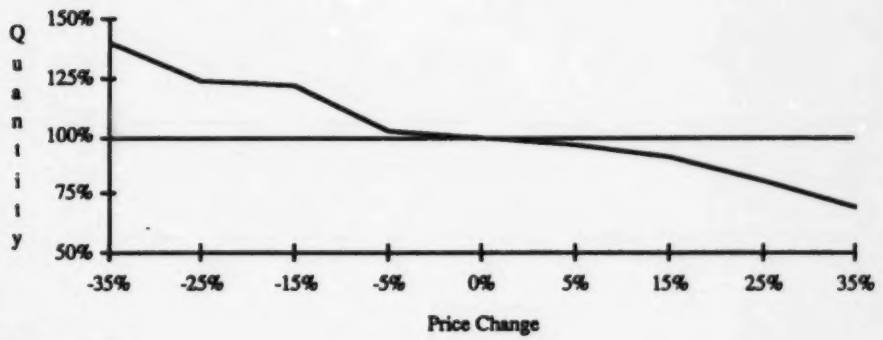
Supermarkets are responsive to significant price decreases in live lobster. For example, 100% of the respondents stated they would increase their purchases 5-15% if there was a price decrease of 15%; and they also all said a price decrease of 35% would cause them to purchase up to 30% more. On the other hand, even a price increase of 10% would not cause over half of them to reduce their buying. This pattern likely reflects a strategy of maintaining a certain basic quantity of lobster in the store, consistently priced at 'market'; but also the typical supermarket opportunism of taking advantage of pricing 'deals' for promotional activities which are important to supermarkets' overall strategy.

EXHIBIT 5.9: How Much Would Purchases Of Live Lobster Change If The Prices Decreased/Increased?



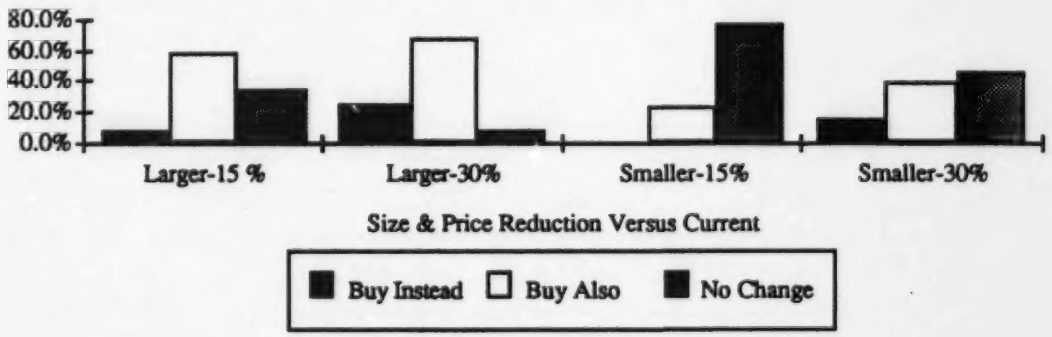
This same data is more clearly seen graphically.

EXHIBIT 5.10: Demand Price Sensitivity - Live



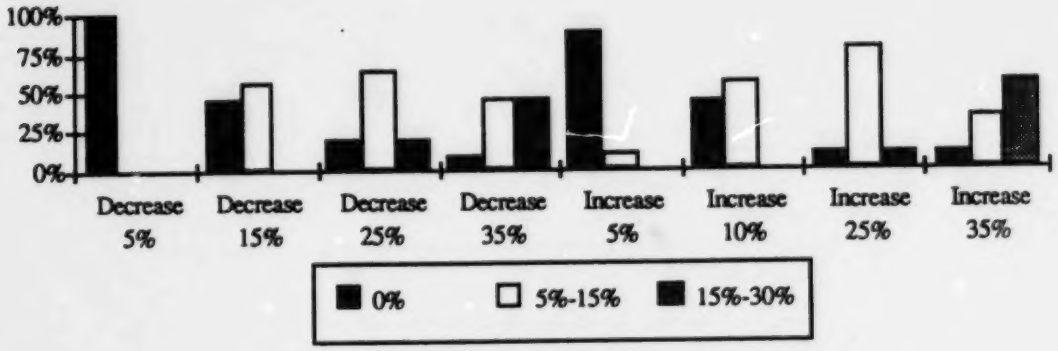
Supermarket operators were questioned about their commitment to their current size of live lobster and whether this would be affected by variations in relative pricing of other sizes. Changes in the price levels of live lobsters smaller and larger than the size currently being purchased would not cause supermarkets to switch. A large (eg.30%) decrease in the price of larger lobsters, for example, would cause over 60% of respondents to buy this size in addition; only about 25% would actually changeover to buying that size instead. On the other hand, significant price reductions in smaller lobsters would not cause as much change; eg. 50% would not change even with a 30% price reduction. This price reaction behavior would seem to reinforce the conclusions of Section 5.4.2.. Supermarkets buy lobsters primarily to draw customers to their stores . They are normally buying the most price competitive size anyway, and are therefore unlikely to change from this; but they are prepared to add larger lobsters as a 'special' if the price happens to be very attractive.

EXHIBIT 5.11: How Would Your Size Preference Change If Prices Of Larger/Smaller Live Lobster Reduced?



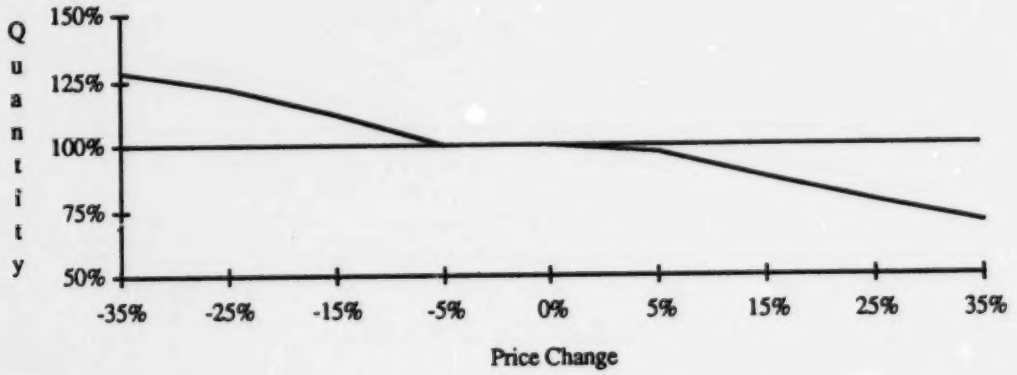
A small variation (plus/minus 5%) in the price of lobster meat would cause very little change in purchases. It would require a price reduction of 25% to cause more than half of the respondents to buy significantly more.

EXHIBIT 5.12: How Much Would Purchases Of Lobster Meat Change If The Prices Decreased/Increased?



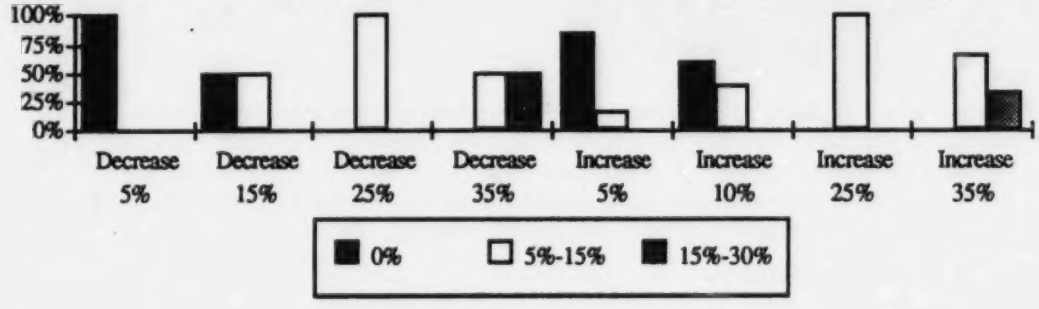
The same data expressed as a graph illustrates this sensitivity more clearly.

EXHIBIT 5.13: Demand Price Sensitivity - Meat



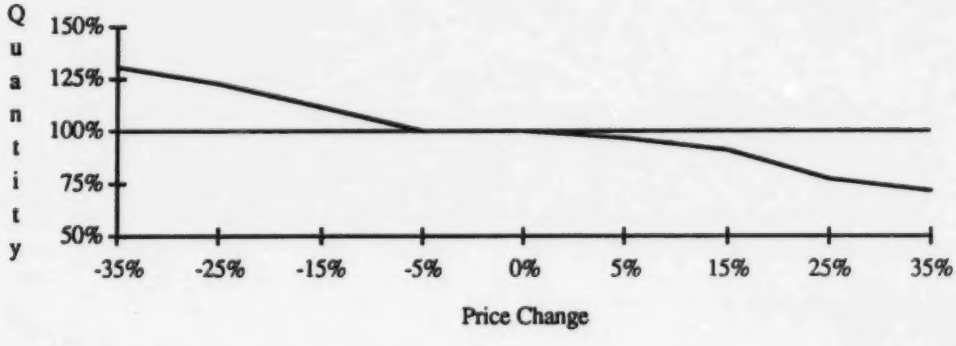
As for frozen lobster meat, small variations (plus/minus 5%) in the price of vacuum pack or lobster in brine would not result in any significant changes in the volume purchased. Bigger changes (eg. plus/minus 25%) either way, would result in changes by all respondents, however. The percentage of supermarkets carrying these products was small however and it could be expected that, since they were probably carrying it for promotional reasons in any case, any significant changes in prices would definitely affect their purchasing.

EXHIBIT 5.14: How Much Would Purchases Of Brined/Vacuum Packed Lobster Change If The Prices Decreased/Increased?



The same data expressed graphically :

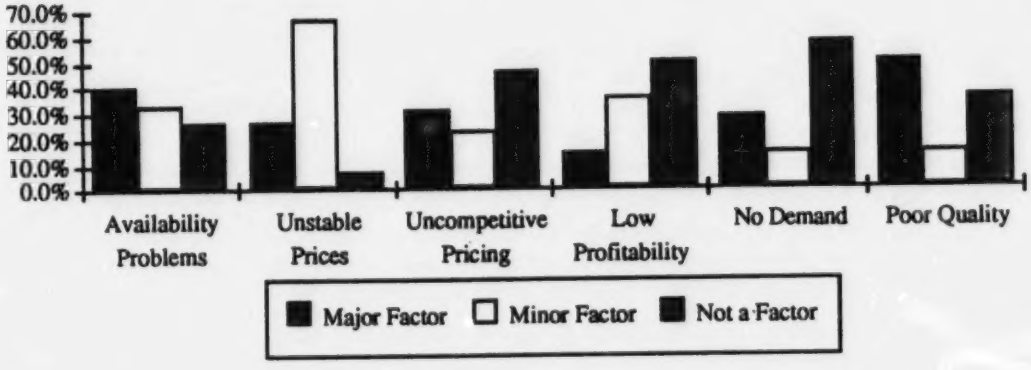
EXHIBIT 5.15: Demand Price Sensitivity - Brined & Vacuum Packed



5.4.6 Constraints to Expansion of Sales

Instability in the price level of live lobster was considered by over 90% of those responding to be a factor in their not buying more lobster. This is very understandable when it is related to the purposes for which supermarkets carry lobster. Their need is to be able to promote lobster at special pricing in order to use it as a loss leader to get people into their store. Supermarkets plan their promotional events well ahead of time and even last minute details such as prices on perishable commodities must be fixed over a week in advance in order to have the advertising material finalized. The lobster market being as typically volatile as it is (with a sudden price change of say 50¢/lb not being unreasonable) would play havoc with this type of marketing plan.

EXHIBIT 5.16: How Much Of A Factor Are The Following In Stopping You From Buying More Live Lobster?



Many of the other complaints such as low profit margins, lack of availability etc., probably relate to supermarkets not being able to buy lobsters according to the time frame they want and at low enough prices. Supermarkets in general are very demanding and often seem to be expecting all suppliers to bend their own industry to fit the needs of the retailers whether it is practical or not. One factor that is of concern however, is that 50% of those responding considered poor quality to be a Major Factor inhibiting their purchase of more live lobster. This is likely a combination of high mortalities and poor yield from lobsters improperly held, and many supermarkets' normal practice of buying on price and hence being more vulnerable to 'cheap' suppliers.

5.4.7 Significant Regional Variations

No significant regional variations in supermarket attitudes to lobster could be determined from the survey data collected.

6.0 SEAFOOD SPECIALTY STORES

6.1 Definition

This category includes all retail units selling solely seafood or at least specializing in it. These are the traditional corner fish markets as well as the newer, high profile speciality stores which have become a significant factor in the last few years with the growing interest in seafood. They are dealt with as a distinct category in the retail marketing sector, even though their total market share would not approach that of supermarkets. U.S. consumers are not confident about their ability to select seafood and therefore specialty stores play an important part in the overall movement of seafood.

6.2 Role in Lobster Trade

Various surveys published in industry periodicals had indicated that seafood specialty stores tended to sell more live product than supermarkets. They were also more likely to buy directly from processors and even local fisherman than supermarkets. How significant they were in the overall retail lobster market and how important lobster was to their business was not clear prior to this survey. As mentioned previously, no statistical market share data was available and for this study and as a result only subjective conclusions could be reached. There were approximately 500 individual fish stores listed in "Who's Who in the Fish Industry-1990", almost all of whom indicated they carry lobster.

6.3 Survey Design

As for the other sectors, the survey contact list was developed on a population basis. Once the target number for each state had been established, company names were arbitrarily chosen from the fish store category in "Who's Who in the Fish Industry - 1990". An attempt was made to select a representative cross section of large and small companies, large and small cities, and so on, in addition to the coverage by region.

6.4 Survey Findings

6.4.1 Relative Importance of Lobster

Speciality seafood retailers were asked how significant lobster was to their business.

EXHIBIT 6.1: Why Do You Carry Lobster?

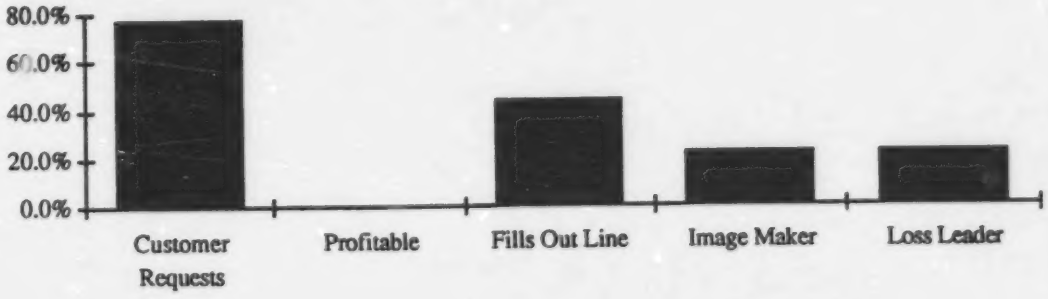
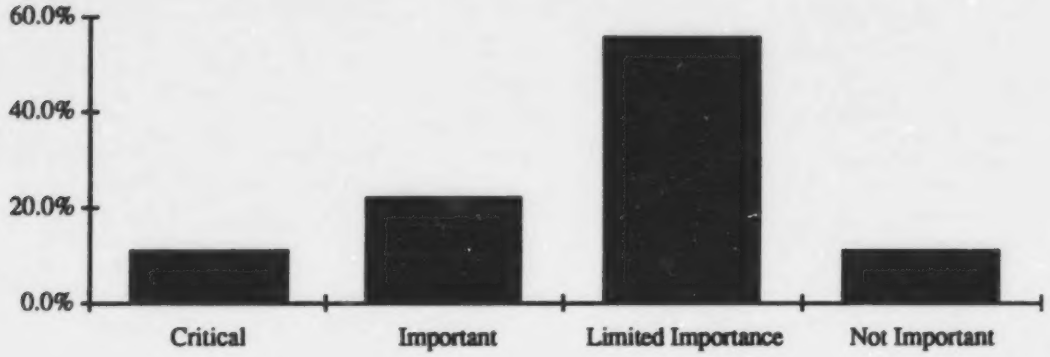


EXHIBIT 6.2: How Important Is Lobster?

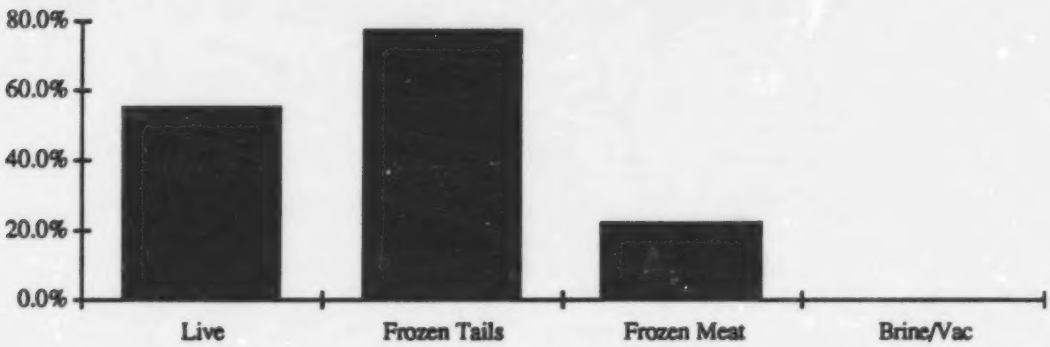


It is very interesting to note that not one survey respondent carried lobster because it was profitable and about two thirds considered it of limited or no importance to their business. In some cases store operators classified live lobster and frozen lobster tails together in this assessment; in other cases they were referring specifically to live lobster. It is obvious from this data and from the interview discussions, however, that the majority of seafood stores surveyed carried lobster because 'they were expected to have it'; but did not do so with any enthusiasm.

6.4.2 Lobster Purchasing

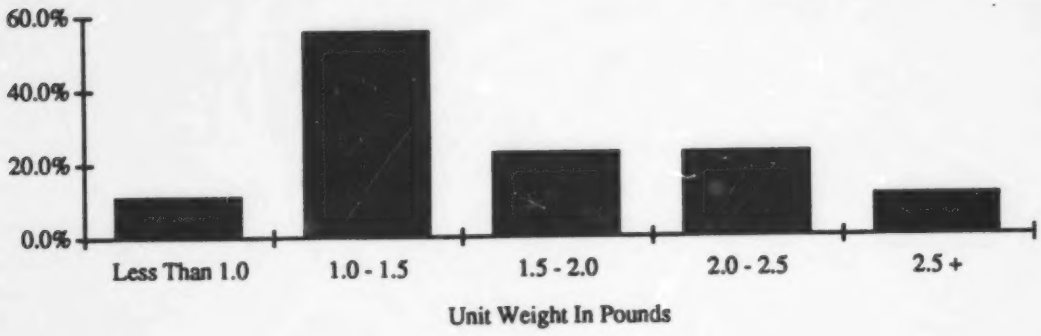
Frozen lobster tails were the most common product, followed by live lobster and then frozen meat. Lobster in brine and vacuum pack were not a factor.

EXHIBIT 6.3: What Type Of Lobster Do You Buy?



The most popular size was 1-1.5 pound, but almost 25% of those responding also purchased larger sizes.

EXHIBIT 6.4: What Size Of Live Lobster Do You Buy?



All those surveyed sourced through broker/distributors, rather than directly from processors, with the typical order being up to 1,000 pounds or more weekly for live lobster (for those in the Northeast) and approximately 100 pounds weekly for frozen tails.

6.4.3 Lobster Selling

Two thirds of those surveyed expected their lobster sales to remain basically the same in both the immediate future and long term. Most of the remaining third, felt there would be some generally increasing sales trend.

6.4.4 Competitive Products

There was some limited opinion that cold water tails, shrimp, king crab and other crabs were highly competitive with live lobster but the overwhelming view was that no other product was particularly competitive. One operator expressed the opinion that in the speciality retail business live lobster was an exclusive product. Consumers came to the store with the specific intention of buying live lobster; not to compare products before making a purchase decision.

6.4.5 Price Sensitivity

Store operators were found to be relatively sensitive to price changes. For example, a 10% drop in price would lead most of those surveyed to purchase up to 15% more lobsters. If there was a price drop of 25% the majority indicated they would purchase from 15% to 50% more lobster. In the reverse situation; a 10% price increase would result in a 10-15% reduction in purchases as would a 25% price increase. Interestingly, price changes for frozen lobster tails would result in a very similar response. The comments on lobster meat were inconclusive because of the few stores carrying it.

Because of the limited number of respondents to this price sensitivity question, these conclusions can only be considered as generally indicative.

6.4.6 Constraints to Expansion of Sales

Those factors most often mentioned as reasons for lack of sales growth were: availability problems, unstable pricing and poor quality. There was no clear consensus as to any major constraints.

6.4.7 Significant Regional Variations

No significant regional variations could be identified.

7.0 CONCLUSIONS

7.1 Relative Position of Lobster in the Market

With the exception of those directly dependent on it, such as the live lobster distributors in the Northeastern U.S., lobster is not viewed as particularly important by the majority of the others involved in distributing and selling it to consumers in the U.S.. Across all sectors, most seem to carry lobsters because of some combination of: expected to have it, customers ask for it, for use as a loss leader, etc. Most gave the impression to the interviewers that dealing in lobster was not one of their favorite pastimes and this could be further confirmed by the fact that almost no-one considered they were carrying it because it was profitable for their business.

7.2 Competition

A significant number of respondents from all categories mentioned lobster tails, shrimp, king crab etc. as lobster's competition; as would be expected. A very common alternative reaction, again from all sectors, was that lobster really had no direct competition; that it was essentially a stand alone product; nothing else was quite like it. This viewpoint seemed to be most prevalent away from the Northeast, perhaps because in other areas lobster may have a more 'exotic' image.

There was, surprisingly, little comment from any sector about any significant competition from surimi analog products. This may be because these products have now established themselves in the marketplace with specific niches of their own. During their initial, strong growth period they may have taken sales from all traditional seafood products, including lobster, and were generally considered to be heavy, direct competition. The market has now matured however, and a new equilibrium relationship seems to have developed between surimi and other seafood products.

7.3 Sensitivity of Sales to Price

The 'core' lobster business seems to be relatively insensitive to small price changes, at least in the short term. This would be reasonable because the market price of lobster would be continuously fluctuating and regular buyers would be accustomed to dealing with this in their business. Also, small price changes would not be a factor in view of the reasons most people were purchasing lobster anyway. Even larger price changes had limited impact until they became quite significant. For example, seafood restaurants were expected to have lobster so they essentially had to carry it on their menu almost without regard to cost. Whether they aggressively wanted to promote it however, was a different matter.

The direct retail business, supermarkets and specialty stores, seemed more responsive to pricing changes, particularly reductions, than the food service sector. This would be expected since these retail outlets are more interested in offering special price deals as loss leaders.

7.4 Impact of Minimum Import Size Law

Because of its current significance to the Atlantic Canadian lobster industry, the opportunity of this study was taken to ask all market sectors whether they were aware of the new U.S. federal minimum size law, and to what degree they thought it would affect their business. The vast majority of distributors, food service, supermarket and specialty store operators across the U.S. had not heard of the new law. Of those that were aware, very few thought it would have any impact on their business. One significant exception was a major New England lobster distributor who said it would hurt his business; but not in his U.S.market. The ability of Canadian processors to ship smaller lobsters to Europe put them in a more competitive pricing position in that market. Most sales in the U.S. for 'in shell' form lobsters are for those one pound and larger. One New England live lobster distributor, when asked what problem the new law caused him, said the only thing he had to do was to explain to his customers why they were getting only nine or ten lobsters in a ten pound order when they used to receiving ten to twelve. Once the explanation was given there was no further problem. There was no consensus that this law had any significant impact on the overall U.S. lobster marketing and distribution business.

7.5 Regional Variations

The only significant regional variations that could be identified related to lobster being a well known product in the Northeastern U.S. For example, more of the distributors, and even some of the food service operators, in that region were aware of the minimum size law than elsewhere. With respect to the key issues examined in this survey concerning the reasons for carrying lobsters, competitive products, constraints to sales expansion and so on; there was a great deal of commonality, not only between regions, but also between market sectors. In conclusion therefore, no significant variations in consumer preference attitudes toward Canadian lobster could be determined from differing regions of the U.S.

7.6 Apparent Constraints

Unstable and uncompetitive pricing were the most commonly mentioned reasons for not expanding purchases of lobster. Over 80% of restaurant operators and over 90% of supermarkets indicated these were significant factors from their point of view. The resulting lack of interest was reflected in the response from distributors, over half of whom indicated there was a lack of demand from their customers (i.e.: restaurants, supermarkets, etc.) for lobster.

Low profitability was also a common complaint of food service and supermarket operators. Normally an item which was not profitable would be dropped from a restaurant menu, or from a supermarket listings. In the case of lobster, however, there is sufficient basic consumer demand that these businesses have had to retain it and use it for other marketing purposes. In the case of restaurants, lobster is required for 'image' and because customers expect to see it on the menu ("How Can You be a Seafood Restaurant Without Lobster?") regardless of whether they intend to buy it or not. Supermarkets use lobsters to enhance their 'seafood' image and as loss leaders to attract customers from other stores.

Considering all these comments together it is obvious that the basic reason the existing buyers of lobster do not buy more and try to expand their sales is because they do not think they can establish a long term profitable business with it.

There was some complaints about poor quality, principally relating to high mortality rates or poor yields from live lobsters. Since the technology of handling and shipping live lobsters has been well established for many years now, this problem can really only be one of not working with reputable shippers, or of some specific logistical difficulty, and cannot be considered a key constraint for those seriously interested in overcoming it.

7.7 Sales Expansion Potential - Discussion

In spite of the restrictions imposed by the various federal and state regulations, Atlantic lobster should be in a strong position in the U.S. market. It is a highly recognized product and in the opinion of many of those who distribute and sell it to consumers, it has little significant direct competition. Many companies in the distribution and marketing chain felt obliged to carry it even though they did not really find it very profitable. Even consumers who buy lobster seldom, if at all, are nevertheless well aware of it. The interviews carried out in these surveys indicated that, in general, lobster is perceived to have a unique market niche, virtually throughout the U.S.. Therefore, the creation of consumer awareness, one of the key steps in expanding markets, already has a solid base to work from.

Until the various market related problems arose in 1989 and 1990, there was a relative equilibrium in the overall Canadian/U.S. lobster supply and demand system. If this situation could have continued, Canadian suppliers would have probably been relatively content. Each year's supply of lobsters was generally being consumed prior to new season landings and the existing distribution system was moving the product relatively effectively. Based on the general comments from the survey, it would seem that price levels were being maximized as well, since most customers at each stage of the marketing system were continuing to buy in spite of their profitability being squeezed.

During the course of the survey, it became apparent that, over the last few years, many in the Atlantic Canadian lobster industry must have lost touch with their market place . Otherwise, the widespread complaints from secondary distributors, restaurant operators and others that lobster was not profitable for them (i.e.: they didn't really want to handle more of it and would be unlikely to promote it), would have been a warning signal that the market might not easily absorb the apparent continuing increase in lobster landings. The very strong seafood market in the U.S. during the 1985 to 1987 period would have been an ideal time to expand market penetration efforts. The basic awareness of lobster was already in place, new distributors were keen to aggressively market seafood of all types, and there was great consumer interest throughout the U.S.. If the overall market could have been expanded at that time, the general deterioration in market conditions in subsequent years would likely have been less of a problem, in spite of the increasing supply.

Due to the more difficult market situation there has been a growing number of comments recently that new lobster products are required in order to increase overall sales significantly. New products, partially or fully processed, will always play an important role, particularly in dealing with industrial problems such as culls, small lobster and so on. The real growth potential, however, would seem to be with live lobster. This is essentially a subjective opinion based on the many interviews and discussions during the survey. In the view of those who sell directly to the final consumer, live lobster is an unique and established product. Most left the impression with the interviewers that they could see an opportunity to sell more live lobster and they would be interested in doing so, but they would have to hold back as long as they faced the constraints that were outlined previously in this report.

Lobster tails would also seem to offer some opportunity because of the existing, well established market in cold and warm water tails from other countries. The production of tails requires the production of meat, and possibly claws and other items as well, and there may be a profitable opportunity for such a combination of products, but based on the interviews the most immediate real interest is for live lobster.

One area where some new development work is definitely required, however, is in the frozen meat product. Cold Pack is very important for a very high percentage of the Canadian industry and yet in its key market, the U.S., it is not viewed with any enthusiasm. From a marketing standpoint it would be simpler for the industry if these lobsters could be sold live, but for a variety of reasons, they cannot. Before any Canadian processor initiates product development work however, it is strongly recommended that they do a thorough market survey with key distributors and end users, both existing and potential. During an interview one well established New England distributor explained the kind of problems that can arise. One Canadian packer was introducing a new portion packed lobster meat product for use by restaurants and encountered some resistance because the product was 'different'. Some potential customers initially thought it must be a lower quality product because it wasn't the same as the industry standard can. This problem was overcome but it does illustrate the importance of correctly targeting the market.

The general impression gained throughout the survey was that restaurants offered the greatest opportunity for Canadian shippers to expand sales of live lobster. Again this can only be considered as a subjective conclusion derived from the many interviews that were done. In general, restaurant operators seemed much more interested in discussing lobsters than supermarket representatives. Although most specialty seafood store owners were also interested, they did not seem as enthusiastic as the restauranteurs, and in any case, would not offer the same overall volume potential as restaurants.

All sectors in the North Central and Central Regions seemed generally more interested than elsewhere. Many of those interviewed in the North East, who were more accustomed to working with lobster, seemed more jaded in their opinions; and many of the distributors, in particular, were understandably not very forthcoming with information for competitive reasons. The conclusion reached was that the central regions probably offered the most realizable potential of any part of the U.S.market.

The data, comments and conclusions of this study should be considered in conjunction with those in the companion study of the Market Distribution System.

APPENDICES

APPENDIX 1

LIST OF CONTACTS

Description	Area	Company Name	Contact Name	Phone
Processors	N.S.	Arisaig Fisheries Ltd.	Brenda MacDonald	[902] 863-5906
		Clearwater Fine Foods	Colin MacDonald	[902] 443-0550
		The Fishbasket Ltd.	Reg Hartlen	[902] 465-6330
		LJC Fisheries Ltd.	Calixto Ribau	[902] 857-3234
		Waybret & Sons Ltd.	Cecil Waybret	[902] 745-3477
		Victoria Co-Operative	Lloyd Lamey	[902] 336-2541
		R.I. Smith	Babe Smith	[902] 723-2380
		Walkers Wharf	Monte Snow	[902] 445-3474
		Lahave Seafoods	Dave Himmelman	[902] 688-2773
		D.B. Kenney Fisheries	Dan Kenney	[902] 839-2023
	N.B.	Paturel	Jim Bateman	[506] 532-4431
		Aquatic Seafood	David Foster	[506] 635-1300
		Fundy Lobsters	Lowell Thomas	[506] 662-3144
		Pecheries Cap-Lumiere	Maurice	[506] 523-4445
		Pecheries GEM Ltd.	Roger Foulem	[506] 727-5217
	P.E.I.	Babineau Fisheries	Pernel Trainer	[902] 961-2705
		Queens Fisheries Ltd.	Jim Harris	[902] 436-8612
		Keeping & McKay Ltd.	Milton MacKay	[902] 962-2257
		Tignish Fisheries Co-Op	Glen MacRae	[902] 882-2050
		Acadian Fishermans Co-Op	Valmore Arsenault	[902] 854-2675
	Nfld.	NSP Arnolds Cove	Tom Osborne	[709] 463-2445
	Que.	Assels Seafoods Inc.	Albert Assels	[418] 752-3524
Whole/Distr.	North Central			
		D. Berkowitz Inc.	Mike Berkowitz	[216] 793-7576
		Illionois Fruit and Produce	Dick Pavelka	[815] 673-3311
		Reinhart Institutional Foods	Mike Husslein	[608] 782-2660
		Western Fish Company Inc.	Mike Davidson	[313] 237-0080
		Foremost Seafood	Tom Patterson	[513] 298-1986
		Euclid Fish Company	John Young	[216] 951-6448
		Harps Fish & Seafood	Edna Dupont	[812] 476-3057
		Micosa Inc.	Bob Andetrson	[708] 632-1200
		Hamilton Fish Co. Inc.	Arnie Zatzman	[313] 832-6100
		Salasnek Fisheries	Art Tillman	[313] 567-2000
		Superior Fish Company	Kevin Dean	[313] 541-4632
	South East			
		Amer Institutional Foods	Allen Parsons	[616] 266-7114
		Biggers Brothers Inc.	Tom Parrott	[704] 394-7121
		L.M. Sandler & Sons	Lenny Bernstein	[804] 464-3551
		Bell Sysco Food Services	John Lightfuss	[704] 255-7676
		S. Dipaula & Sons Seafood	Tom Schisler Jr.	[301] 866-8100
		Cannon Seafoods Inc.	Annette	[202] 337-8366

Description	Area	Company Name	Contact Name	Phone
		Pride of Virginia Seafood	Stan Obier	[804] 529-7350
		Crosby's Seafood	Dan Long	[803] 723-1278
		Barnacle Seafood Inc.	Jerry Oxenburg	[305] 486-8000
		Saint Matthews Seafood Co.	Stan Gentle	[502] 895-0167
		Alabama Institutional Foods	Carl Logan	[205] 345-0474
		Lewis Seafood	Angela Leblanc	[601] 545-2281
	Central			
		Allen Foods Inc.	Zell Firestone	[314] 426-4100
		Arrow Sysco Food Services	Bobby Austin	[504] 837-1015
		Capital City Fish Inc.	Ronald Moseng	[612] 224-4719
		Pegler Sysco Food Services	Tom Rivett	[402] 423-1031
		Kraft Food Service	Gil	[501] 375-3282
		Shamrock Foods	Mike Meyers	[602] 272-6721
		East Side Fish Market	Dave Veach	[515] 288-2124
		Quality Meats & Seafood	Lee Mocklar	[701] 282-0202
		Fresh Seafood Wholesale	Susan Szczucinski	[913] 384-2190
		William Davis & Sons Ltd.	Brad Anderson	[405] 751-4660
		Seafood Supply Company	Paul Clark	[214] 565-1851
		Captain Franks Seafood	Captain Frank	[915] 682-3883
		Whole Earth Grainery	Vince Arbour	[307] 745-4268
		Northeast Seafood Products	Paul Packer	[303] 292-2526
		Nevada Seafood Co.	Bill	[702] 292-2526
	Pacific			
		A&B Foods	Mr. Sierra	[213] 629-3134
		Galetti Bros. Foods	Mr. Ciaramitaro	[213] 262-8222
		Pacific American Fish Co.	Peter Huh	[213] 623-2982
		Ocean Pride Seafoods	Mark Palmer	[206] 281-4490
		University Seafood & Poultry	Dale Erickson	[206] 281-4490
		Greens Seafood	Richard	[503] 246-8245
		Fitts Fish & Poultry Market	Gene	[503] 364-6705
		All Seas Wholesale	Richard Howse	[415] 468-4800
		Canton Market	Robert Leon	[415] 362-5588
	North East			
		Stavis Seafoods	Richard Stavis	[617] 482-6349
		Sea Trek Enterprises	Peter Coop	[401] 884-3814
		James Lobster Fisherman Inc.		[603] 964-9906
		Atlantic Lobster Company	David Mersfelder	[607] 233-0871
		Eastbourne Lobster		[203] 248-8046
		J.H. Hahn Seafood		[201] 402-0900
		TLC Lobster Corp.		[201] 472-1644
		Mr. Mofta & Sons		[609] 994-3800
		Sullivan & Fitzgerald Food Brks.	Eugene Sullivan	[201] 994-3800
		Fulton Fish & Seafood		[518] 482-8811

Description	Area	Company Name	Contact Name	Phone	
		Reisz's Superior Seafood	Adam Reisz	[607]	723-8607
		Bay Ridge Fish Market	Jim Thomson	[718]	745-4848
		Jordan's Lobster Dock		[718]	934-6300
		Schneiders Fish & Seafood Corp.		[716]	885-1460
		Delica-Seas Seafood		[916]	877-3411
		Portion-Pak Seafood		[516]	285-6100
		Crystal Cove Seafood Crorp.		[576]	759-2120
		Cahill Fisheries		[315]	343-3230
		Specialty Seafood Buying Group	Carl Struss	[215]	820-5966
		James Bartoli Inc.		[215]	243-9014
		J.P. Bennis Company	Jim Bennis	[215]	542-1390
		Neptune Seafood Inc.		[717]	337-3729
		Century Seafood Inc.		[215]	336-9000
		Dockside Seafood		[215]	286-0300
Specialty	N.East	Adelphia Seafood Inc.	Chuck Smith	[215]	670-2500
		Stuarts Seafood	Wayn Vorpahi	[516]	267-6700
	N.Cent.	Shrimp Boat Seafood	Bob Tillinghast	[513]	434-3163
		Seafood Merchants Ltd.	Roy Axelson	[708]	634-0900
	Pacific	Tarantino's Fish & Poultry	Gayton Tarantino	[707]	643-1587
		Mr. Fish Seafoods	Mark McCulloch	[707]	443-2661
	S.East	Joe Patti Seafood Co. Inc.	Joe Patti	[904]	432-3315
		Faulkners Seafood Company	Dorothy Buffkin	[804]	393-6960
	Central	Lipseys Fish Co. Inc.	R.W. Lipsey	[901]	767-8512
		Port Arkansas Seafood Co.	John Levesque	[512]	749-5774
Supermarkets	North Central				
		Cardinal Foods Inc.	Norm Muszynski	[614]	878-7171
		CWC Companies Inc.	Danny Burkett	[419]	422-8090
		Rogers Markets Inc.	Ellen Harrington	[219]	423-4376
		Scotts Food Stores Inc.	Mr. Valentine	[219]	483-9357
		Wallmans Food Management	Randy Zellers	[317]	564-6895
		Bormans	Dan Halpin	[313]	270-1000
		Eberhard Foods	Willy Woellper	[616]	791-0701
		Al Naimi Enterprises	Al Naimi	[313]	894-2466
		Hamady Brothers Food Markets	Pat Haley	[313]	744-0000
	South East				
		Giant Food Inc.	Bruce Steinberg	[301]	341-4100
		Safeway Stores Inc.	Fred Strauss	[301]	386-6500
		Brunos Inc.	Billy Moore	[205]	940-9400
		Delchamps Inc.	David Whatley	[205]	433-0431
		Grande Supermarkets	Signor Agrait	[809]	783-8391
		Harris Teeter Inc.	Bob Rowe	[704]	567-3000
		Ingles Markets	Steve Slade	[704]	669-2941
		Red Food Stores	Mark Grain	[615]	892-8029
		Publix Supermarkets Inc.	Brian Ward	[813]	688-1188

Description	Area	Company Name	Contact Name	Phone
		Pueblo Int'l Inc.	Mr. Patrick	[305] 977-2500
		Winn Dixie Stores Inc.	James Grant	[904] 783-5000
		Randall Foods	Tom Litzler	[606] 269-5388
		Foodtown Supermarket	Mr. Adams	[606] 269-4387
	Central			
		Byerly Foods		[612] 831-3601
		Hy Vee Foodstores Inc.	Danny Lukazsky	[515] 774-2121
	Pacific			
		Fred Meyer Inc.	Vern Nickens	[503] 232-8844
		Safeway Stores Inc.		[206] 455-6444
		Ralphs Grocery Company	Jim Lanter	[213] 637-1101
		Lucky Stores Inc.	Hank Corwin	[213] 612-0350
		Alpha Beta Company	Keith Lee	[714] 738-2000
		Safeway Stores	Rory Frink	[213] 923-7531
		Hughes El Rancho Markets	Frank Morello	[213] 227-8211
		Albertsons	Egan Burgelson	[213] 691-0835
		Stater Bros. Markets	Kevin Schubert	[714] 783-5000
		Foods Co. Markets Inc.		[213] 725-1500
		Super A Foods	Ed Fitcum	[213] 634-2680
		Mayfair Markets	Mr. Ryan	[213] 638-2842
	North East			
		The Stop & Shop Supermarket	Ken Howe	[617] 770-8000
		Allegro Supermarkets	Rick Wheeler	[603] 669-3250
		Fleming Foods of Pennsylvania		[215] 935-5000
		Acme Markets Inc.	Cathy Prickett	[215] 889-4000
		Farm Fresh Supermarkets	Jim Newton	[804] 480-6700
		Super Fresh Food Markets	Joe Ellmore	[804] 743-1675
		M. Marraccini & Co. Inc.	Glen	[412] 384-4250
		OK Grocery Company	Cliff Randolph	[412] 963-6200
		First National Supermarkets	Lisa Bidwell	[203] 627-0241
		Grand Central Supermarkets	Shep Goldsmith	[203] 357-9775
		D'Agostino Supermarkets	Al Marinelli	[914] 576-1820
		King Kullen Groc. Co. Inc.	Tony Baccaria	[516] 333-7100
		Supermarkets General Corp.	Gene Itri	[201] 499-3000
		Kings Supermarkets Inc.	Rony Ruccio	[201] 575-3320
		Tops Markets Inc.	Jim Lean	[716] 827-3635
		Wegmans Food Markets Inc.	Karl Salamone	[716] 328-2550
Restaurants	North Central			
		The Stouffer Restaurant Co.		[216] 464-6606
		Paragon Corporation	John Stapleton	[216] 221-4388
		Kings Island	Jeffrey Richards	[513] 398-5600

Description	Area	Company Name	Contact Name	Phone	
		Lettuce Entertain You Ent. Inc.	Martha Spezia	[312]	878-7340
		Levy Organization	Lisa Howard	[312]	664-8200
		Nicks Fish Market Inc.	Steve Karpf	[312]	621-0200
		Maverick Family Steak House	Russ Hruby	[217]	787-4660
		Harris O. Machus Ent. Inc.	Mr. Kreiger	[313]	642-1560
		Maple Management Corp.	Bruce Cameron	[313]	646-7839
		C.A. Muer Corporation	Tony Adams	[313]	965-5489
		Gasthaus	Phil	[414]	544-4460
		Meurer Restaurants	Steve Balistreri	[414]	771-8200
	South East				
		New Orleans Cafe	Mark Marley	[601]	957-2459
		Patricks Restaurants	Patrick Hanon	[314]	878-6767
		Boston Seafood Company	Haeju Abreish	[314]	621-3474
		Hanna Systems	Al Jordan	[302]	539-3095
		Chesapeke Bay Seafoods	Frank McLaughlin	[804]	220-0164
		Miltons Pizza House	George Kotarides	[804]	460-6390
		Libby Hill Seafood Inc.	M.A. Connel	[919]	294-0505
		Jones Fish Camp	Vinny Jones	[704]	256-8441
		Mayflower Seafood Restaurants	Gus Fragakis	[919]	427-0684
		Neighborhood Rests. of America	Jeff Francisco	[404]	765-9000
		Savannah Fish Copmpany	Mr. Conswaglia	[404]	659-1400
		Sea Horse Restaurants	John Kootoofaris	[302]	227-7451
		Calico Jacks of Florida Inc.	Tom Tomlin	[407]	767-2529
		Chadwicks Restaurant	Earl Raven	[813]	472-5111
		Red Lobster Inns of America	Jim Salmon	[407]	851-0370
		Crab Pot Restaurant	Wayne Cordero	[305]	565-2722
	Central				
		Jerrico Inc.	Jim Everett	[606]	263-6000
		Mike Fink Restaurant Inc.	Greg Blanchett	[606]	261-4212
		Edwards Restaurant	Larry Edwards	[615]	522-2911
		Beal Street Inc.	Tim Pohl	[901]	526-1966
		Shoneys Inc.	David Dobbs	[615]	391-5201
		The Landing Inc.	Jimmy Meekes	[205]	349-1803
		Morrison Inc.	Larry Davis	[205]	344-3000
		Drusilla Seafood Restaurants	Jeff	[504]	927-8844
		Dons Seafood & Steakhouse	R.L. Landry Jr.	[318]	235-3551
		Zuider Zee Seafood Restaurants	Bob Denson	[405]	478-2515
		S&J Oyster Company	Howard Smith	[918]	742-5076
		Catfish Kitchen	Rick	[409]	832-0417
		No. 1 Pearl Street	Paul Seikil	[214]	661-3616
		Pelicans International Inc.	David Osborn	[214]	931-1502
		Wall Streets	James Cook	[214]	991-5545
		Willie G's	Gene Osburn	[713]	850-7190

Description	Area	Company Name	Contact Name	Phone
	Pacific			
		Pacific Coast Restaurant Merch.	Keith Dean	[503] 684-2803
		Mad Anthonys Inc.	Tim Furleman	[206] 455-0732
		Scotts Seafood Grill & Bar	Simon Harrington	[714] 979-2400
		Scomas	Tom Creedon	[415] 771-4383
		Faz Restaurants	Fazco Poursohi	[415] 391-6317
		Patouts	Andre Patout	[213] 475-7100
		Bodega Bay Seafood Restaurnan	Greg Rasmussen	[818] 707-1040
		Delaneys Inc.	Mike Salasar	[714] 991-3632
		Specialty Restaurant Corp.	Bob Remeres	[714] 634-0300
		Hofs Hut Restaurant	Paul Bowman	[213] 595-5476
		Forty Niner Shops	Bill Beck	[213] 985-4138
		Duckett & Wilson Dev't Corp.		[415] 493-4744
	North East			
		Food & Beverage Management	Gary Oleson	[617] 332-2932
		Legal Sea Foods Inc.	Keith Silva	[508] 783-8084
		Tuxedo Junction	Ronald Jowdry	[203] 748-2561
		Roadway Motor Plazas Inc.	Sal Farfaglia	[607] 775-3500
		The New York Rest. Group	Doug Greenfield	[212] 980-4912
		Hideaway Restaurants	Carlo Mattiello	[212] 947-8940
		Lenny Clam Bar	Joseph Decandia	[718] 845-5100
		Chefs International Inc.	Bruce Brander	[201] 295-0350
		North American Lobster Co.	Joe	[201] 863-5577
		Evelyns Seafood Grill	Steve Minnolis	[201] 352-2022
		Marshalton Inn Inc.	Mary Beth Freeze	[215] 692-4367
		Seafood America	Bill Smith	[215] 672-2211
		Original Seafood Shanty's	Leonard Moskoff	[215] 245-3500

APPENDIX 2

SURVEY QUESTIONNAIRE

Processor/Shipper Questionnaire

Company Name :	Contact :	Phone :

Block 1 - Products

[1] Is lobster <25%, 25-50%, 50-75%, or >75% of your sales? _____
[2] Are your lobster sales <$1m, 1-5m, >5m per year ? _____
[3] What of the following products do you sell ? (X)
[4] Where do you ship your (live/frozen/other) (specific product name) to ? (X)

			Markets									Central
Products		X	Boston ?	N.York ?	L.A. ?					Europe	Japan	Canada
Live	crate run											
	chicken											
	selects											
	lsrge											
Frozen	11.3 oz											
	2 lb											
	Rw. Tls.											
	Boilers											
Other	Brined											
	Hot Pack											

Block 2 - Sourcing

[5] Do you buy lobsters from (N.S./N.B./PEI/Que) (specific districts) ? (X) Any others ?
[6] What % of canners and markets do you get from (specific districts)?
[7] How many pounds do you buy from (specific district)?
[8] How many years have you been buying from (specific districts)?

Area			%				
Prov.	District	X	Canners	Mkts.	Quantity	Years	Other
N.S.	C.Breton						
	SWNS						
	S. Shore						
	N. Shore						
N.B.	N. Shore						
	S. Shore						
PEI	N. Shore						
	S. Shore						
Quebec	Mags						
	N. Shore						
	Gaspe						

Block 3 - Pounding

[9] Do you pound your lobster ? Y/N (Circle)
[10] Where are the pound(s) located ?
[11] Is the pound at (location) a tidal or tank system ?
[12] What is the capacity at (location) ?
[13] What do you allow for mortality at (location)?
[14] What is the cost per month to hold the lobster ?
Does this include the cost for mortality ? Y/N (circle)

Location	Type	Capacity	Mort.	Cost

Block 4 - Distribution

[15] Do you use own/ground/air carriers to ship your product to (Boston/NY/LA etc.) ? (Circle own,ground,air)
[16] How much does it cost to ship to (market) using (carrier) excluding customs and duty ? ($/lb)
[17] What are the typical shipment sizes ? (range in lbs.)
[18] At what points do they exit Canada ?
[19] At what point does ownership of the lobster get transferred?
[20] Are you selling to a broker, distributer, or end user ? (Circle B,D,U)

Market	Carrier	Cost	Shipment Sizes	Exit Point	Ownership	Who ?
Boston	Own....Grnd....Air					B..D..U
	Own....Grnd....Air					B..D..U
New York	Own....Grnd....Air					B..D..U
	Own....Grnd....Air					B..D..U
Los Angelos	Own....Grnd....Air					B..D..U
	Own....Grnd....Air					B..D..U
	Own....Grnd....Air					B..D..U
	Own....Grnd....Air					B..D..U
	Own....Grnd....Air					B..D..U
	Own....Grnd....Air					B..D..U
Europe	Own....Grnd....Air					B..D..U
Japan	Own....Grnd....Air					B..D..U
Central Canada	Own....Grnd....Air					B..D..U
	Own....Grnd....Air					B..D..U

[21] Have you ever tried to sell into other U.S. markets ? Y/N (Circle) Which ones ? (Under "Market" below)
[22] Did you use own/ground/or air carrier? (Circle own,ground,air)
[23] Were you selling to a broker/distr/end user ? (Circle B,D,U)
[24] How much were the shipping costs excluding duty and customs ? ($/lb)
[25] Are you not selling there now due to cost/mortality/transport connections/lack of storage ? (X) What other factors ?

Market	Carrier	Who ?	Cost	Mortal.	Transp.	Storage	Other Factors
	Own....Grnd....Air	B..D..U					
	Own....Grnd....Air	B..D..U					
	Own....Grnd....Air	B..D..U					
	Own....Grnd....Air	B..D..U					
	Own....Grnd....Air	B..D..U					

Block 5 - Marketing

[26] For live/frozen/other lobster products how would you rank the following products in terms of compeition ? (read products/enquire any more)

[27] Do you agree with your buyer on what your competition is (y/n) Comments : _____

[28] Is the new US legislation on lobster sizes going to affect the sales of your live/frozen/other lobster a lot/moderately/not much/not at all or maybe positively ?

Products		Rank
Live Lobster		
	Shrimp	
	Scallops	
	Fr. Tails	
	Surimi	
Frozen Lobster		
	Snow	
	King	
	Surimi	

Response	Live	Frozen	Other
a lot			
moderately			
not much			
not at all			
positively			

[29] I would like to contact some of your buyers could you tell me the firm/contact, and phone number for your major buyers ?

[30] I would like to contact some of your carriers could you tell me the firm/contact, and phone number for your major carriers

Lobster Market Study

Company Name _____ Your Name _____

1. How many supermarkets do you operate ? [ ]

2. What area do you service ? (please check)
- Local [ ]
- State [ ]
- Multi State [ ]
- National [ ]

3. What sales category are you ? (please check)		Total	Seafood
	less than $5 m	[ ]	[ ]
	5 - 10 m	[ ]	[ ]
	10 - 20 m	[ ]	[ ]
	> 20 m	[ ]	[ ]

4. Why do you carry lobster ? (check all that apply)
- requests [ ]
- profitable [ ]
- image maker [ ]
- loss leader [ ]

5. How important is lobster ? (please check one)
- Critical [ ]
- Important [ ]
- Limited [ ]
- Not Important [ ]

6. What type of lobster do you buy ? (check all that apply)
- Live [ ]
- Frozen Meat [ ]
- In Brine [ ]
- Vacuum Pack [ ]
- Frozen Tails [ ]

7. What are you currently paying per lb.? (fill in approx. value)
- Live [$]
- Frozen Meat [$]
- In Brine [$]
- Vacuum Pack [$]
- Frozen Tails [$]

8. What size of live lobster do you buy ? (check all that apply)
- less than 1 lb. [ ]
- 1 - 1.5 lb [ ]
- 1.5 - 2.0 lb [ ]
- 2 - 2.5 lb [ ]
- 2.5 over [ ]

9. How much and how often do you purchase live lobster ? (please fill in)
- Quantity (lbs) [ ]
- Frequency [ ]

10. How have sales of live lobster performed over the last year ? (please check)

		How Much %
Increased	[ ]	[%]
Remained Same	[ ]	[%]
Decreased	[ ]	[%]

11. Do you think this performance will (please check)

		How Much %
Continue	[ ]	
Decline	[ ]	[%]
Increase	[ ]	[%]

12. If lobster prices of a larger or smaller size were to reduce how would this effect your purchasing ? (please check)

	Lobster Price Decrease 5 - 20 %	Lobster Price Decrease 20 - 40 %
Larger Lobster		
Buy Instead	[ ]	[ ]
Buy Also	[ ]	[ ]
No Change	[ ]	[ ]
Smaller Lobster		
Buy Instead	[ ]	[ ]
Buy Also	[ ]	[ ]
No Change	[ ]	[ ]

13. How competative do you feel the following products are with Lobster ?
(please check)

		Highly	Less	Not
Live Lobster Competitors	Shrimp	[ ]	[ ]	[ ]
	Lobster Tails	[ ]	[ ]	[ ]
	King Crab	[ ]	[ ]	[ ]
	Snow Crab	[ ]	[ ]	[ ]
	~~Blue Crab~~ Surimi	[ ]	[ ]	[ ]
	Scallop	[ ]	[ ]	[ ]
	Salmon	[ ]	[ ]	[ ]
Frozen Lobster Meat	Shrimp	[ ]	[ ]	[ ]
	Lobster Tails	[ ]	[ ]	[ ]
	King Crab	[ ]	[ ]	[ ]
	Snow Crab	[ ]	[ ]	[ ]
	~~Blue Crab~~ Surimi	[ ]	[ ]	[ ]
	Scallop	[ ]	[ ]	[ ]
	Salmon	[ ]	[ ]	[ ]
Lobster in Brine or Vacuum	Live Lobster	[ ]	[ ]	[ ]
	Frozen Shrimp	[ ]	[ ]	[ ]
	Frozen Scallop	[ ]	[ ]	[ ]
	Frozen Salmon	[ ]	[ ]	[ ]
	Frozen Crab	[ ]	[ ]	[ ]

14. Do any of the following factors affect how much lobster you purchase ?
(please check)

	Major Factor	Minor Factor	Not A Factor
Lack of Availability	[ ]	[ ]	[ ]
Unstable Pricing	[ ]	[ ]	[ ]
Uncompetative Pricing	[ ]	[ ]	[ ]
Low profit Margins	[ ]	[ ]	[ ]
No Customer Requests	[ ]	[ ]	[ ]
Poor Quality	[ ]	[ ]	[ ]
Lack of Promotion	[ ]	[ ]	[ ]

	Yes	No
15. Do you have instore displays for live lobsters ? (please check)	[ ]	[ ]
16. Do you run lobster promotions ?	[ ]	[ ]

17. How would your lobster purchases change if the prices changed as indicated ?
(please check)

	Purchases Increase	Prices Decreased 5%	15%	25 %	35 %
Live Lobster	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Frozen Lobster Meat	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Lobster In Brine or Vacuum Packed	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]

	Purchases Decrease	Prices Increased 5%	15%	25 %	35 %
Live Lobster	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Frozen Lobster Meat	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Lobster In Brine or Vacuum Packed	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]

	Yes	No
18. Were you aware that the Mitchell Bill passed in the Senate restricting live lobster of less than 1 lb. from being harvested or imported ? (please check)	[ ]	[ ]

19. Will this legislation affect you ?
(please check)

A lot	[ ]
Moderately	[ ]
Not Much	[ ]
Not at all	[ ]

Lobster Market Study

Company Name _____ Your Name _____

1. How many restaurants do you operate ? [ ]

2. What area do you service ? (please check)
- Local [ ]
- State [ ]
- Multi State [ ]
- National [ ]

3. What sales category are you ? (please check)	Total	Seafood
less than $5 m	[ ]	[ ]
5 - 10 m	[ ]	[ ]
10 - 20 m	[ ]	[ ]
> 20 m	[ ]	[ ]

4. Why do you carry lobster ? (check all that apply)
- requests [ ]
- profitable [ ]
- image maker [ ]
- loss leader [ ]

5. How important is lobster ? (please check one)
- Critical [ ]
- Important [ ]
- Limited [ ]
- Not Important [ ]

6. What type of lobster do you buy ? (check all that apply)
- Live [ ]
- Frozen Meat [ ]
- In Brine [ ]
- Vacuum Pack [ ]
- Frozen Tails [ ]

7. What are you currently paying per lb.? (fill in approx. value)
- Live [$]
- Frozen Meat [$]
- In Brine [$]
- Vacuum Pack [$]
- Frozen Tails [$]

8. What size of live lobster do you buy ? (check all that apply)
- less than 1 lb. [ ]
- 1 - 1.5 lb [ ]
- 1.5 - 2.0 lb [ ]
- 2 - 2.5 lb [ ]
- 2.5 over [ ]

9. How much and how often do you purchase live lobster ? (please fill in)
- Quantity (lbs) [ ]
- Frequency [ ]

10. How have sales of live lobster performed over the last year ? (please check)

		How Much %
Increased	[ ]	[%]
Remained Same	[ ]	[%]
Decreased	[ ]	[%]

11. Do you think this performance will (please check)

		How Much %
Continue	[ ]	
Decline	[ ]	[%]
Increase	[ ]	[%]

12. If lobster prices of a larger or smaller size were to reduce how would this effect your purchasing ? (please check)

	Lobster Price Decrease	
	5 - 20 %	20 - 40 %
Larger Lobster		
Buy Instead	[ ]	[ ]
Buy Also	[ ]	[ ]
No Change	[ ]	[ ]
Smaller Lobster		
Buy Instead	[ ]	[ ]
Buy Also	[ ]	[ ]
No Change	[ ]	[ ]

13. How competative do you feel the following products are with Lobster ?
(please check)

		Highly	Less	Not
Live Lobster Competitors	Shrimp	[ ]	[ ]	[ ]
	Lobster Tails	[ ]	[ ]	[ ]
	King Crab	[ ]	[ ]	[ ]
	Snow Crab	[ ]	[ ]	[ ]
	Blue Crab	[ ]	[ ]	[ ]
	Scallop	[ ]	[ ]	[ ]
	Salmon	[ ]	[ ]	[ ]
Frozen Lobster Meat	Shrimp	[ ]	[ ]	[ ]
	Lobster Tails	[ ]	[ ]	[ ]
	King Crab	[ ]	[ ]	[ ]
	Snow Crab	[ ]	[ ]	[ ]
	Blue Crab Surimi	[ ]	[ ]	[ ]
	Scallop	[ ]	[ ]	[ ]
	Salmon	[ ]	[ ]	[ ]
Lobster in Brine or Vacuum	Live Lobster	[ ]	[ ]	[ ]
	Frozen Shrimp	[ ]	[ ]	[ ]
	Frozen Scallop	[ ]	[ ]	[ ]
	Frozen Salmon	[ ]	[ ]	[ ]
	Frozen Crab	[ ]	[ ]	[ ]

14. Do any of the following factors affect how much lobster you purchase ?
(please check)

	Major Factor	Minor Factor	Not A Factor
Lack of Availability	[ ]	[ ]	[ ]
Unstable Pricing	[ ]	[ ]	[ ]
Uncompetative Pricing	[ ]	[ ]	[ ]
Low profit Margins	[ ]	[ ]	[ ]
No Customer Requests	[ ]	[ ]	[ ]
Poor Quality	[ ]	[ ]	[ ]
Lack of Promotion	[ ]	[ ]	[ ]

15. What is your target sales price for lobster lunch and dinner ? (please fill in)

	Lunch	Dinner
	[ ]	[ ]

16. What is you markup % typically, and for lobster ?

Typical	Lobster
[ ]	[ ]

17. How would your lobster purchases change if the prices changed as indicated ?
(please check)

	Purchases Increase	Prices Decreased 5%	15%	25 %	35 %
Live Lobster	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Frozen Lobster Meat	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Lobster In Brine or Vacuum Packed	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]

	Purchases Decrease	Prices Increased 5%	15%	25 %	35 %
Live Lobster	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Frozen Lobster Meat	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Lobster In Brine or Vacuum Packed	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]

18. Were you aware that the Mitchell Bill passed in the Senate restricting live lobster of less than 1 lb. from being harvested or imported ?
(please check)

Yes	No
[ ]	[ ]

19. Will this legislation affect you ?
(please check)

A lot	[ ]
Moderately	[ ]
Not Much	[ ]
Not at all	[ ]

Lobster Market Study - Distributor/Broker

Company Name _____ Your Name _____

1. What area do you service ? (please check)

Local	[ ]
State	[ ]
Multi State	[ ]
National	[ ]

2. What sales category are you ? (please check)

	Total	Seafood
less than $5 m	[ ]	[ ]
5 - 10 m	[ ]	[ ]
10 - 20 m	[ ]	[ ]
> 20 m	[ ]	[ ]

3. Why do you carry lobster ? (check all that apply)

requests	[ ]
profitable	[ ]
image maker	[ ]
loss leader	[ ]

4. How important is lobster ? (please check one)

Critical	[ ]
Important	[ ]
Limited	[ ]
Not Important	[ ]

5. What type of lobster do you buy ? (check all that apply)

Live	[ ]
Frozen Meat	[ ]
In Brine	[ ]
Vacuum Pack	[ ]
Frozen Tails	[ ]

6. What are you currently paying per lb.? (fill in approx. value)

Live	[$]
Frozen Meat	[$]
In Brine	[$]
Vacuum Pack	[$]
Frozen Tails	[$]

7. What size of live lobster do you buy ? (check all that apply)

less than 1 lb.	[ ]
1 - 1.5 lb	[ ]
1.5 - 2.0 lb	[ ]
2 - 2.5 lb	[ ]
2.5 over	[ ]

8. How much and how often do you purchase live & frozen lobster ? (please fill in)

	Live	Frozen
Quantity (lbs)	[ ]	[ ]
Frequency	[ ]	[ ]

9. How have sales of live lobster performed over the last year ? (please check)

		How Much %
Increased	[ ]	[%]
Remained Same	[ ]	[%]
Decreased	[ ]	[%]

10. Do you think this performance will (please check)

		How Much %
Continue	[ ]	
Decline	[ ]	[%]
Increase	[ ]	[%]

11. Please indicate significant customers for each product.

	Live Lobster			Frozen Lobster				Hot Pack	
	Sm.	Med.	Lrg.	Brine	Vacuum	11.3oz	2 lb	5 oz.	Other
Supermarket	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Fishmarket	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Restaurant	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
White Table	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Dinnerhouse	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Family	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Fast Food	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]
Other	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]	[ ]

12. How competative do you feel the following products are with Lobster ?
(please check)

		Highly	Less	Not
Live Lobster Competitors	Shrimp	[ ]	[ ]	[ ]
	Lobster Tails	[ ]	[ ]	[ ]
	King Crab	[ ]	[ ]	[ ]
	Snow Crab	[ ]	[ ]	[ ]
	Blue Crab	[ ]	[ ]	[ ]
	Scallop	[ ]	[ ]	[ ]
	Salmon	[ ]	[ ]	[ ]
Frozen Lobster Meat	Shrimp	[ ]	[ ]	[ ]
	Lobster Tails	[ ]	[ ]	[ ]
	King Crab	[ ]	[ ]	[ ]
	Snow Crab	[ ]	[ ]	[ ]
	Blue Crab	[ ]	[ ]	[ ]
	Scallop	[ ]	[ ]	[ ]
	Salmon	[ ]	[ ]	[ ]
Lobster in Brine or Vacuum	Live Lobster	[ ]	[ ]	[ ]
	Frozen Shrimp	[ ]	[ ]	[ ]
	Frozen Scallop	[ ]	[ ]	[ ]
	Frozen Salmon	[ ]	[ ]	[ ]
	Frozen Crab	[ ]	[ ]	[ ]

13. Do any of the following factors affect how much lobster you purchase ?
(please check)

	Major Factor	Minor Factor	Not A Factor
Lack of Availability	[ ]	[ ]	[ ]
Unstable Pricing	[ ]	[ ]	[ ]
Uncompetative Pricing	[ ]	[ ]	[ ]
Low profit Margins	[ ]	[ ]	[ ]
No Customer Requests	[ ]	[ ]	[ ]
Poor Quality	[ ]	[ ]	[ ]
Lack of Promotion	[ ]	[ ]	[ ]

14. How long do you hold live lobster ? 1-5 days [ ] 5-10 days [ ] >10 days [ ]

15. What is the furhterst you would truck live lobster safely ? [ ]

16. How would your lobster purchases change if the prices changed as indicated ?
(please check)

	Purchases Increase	Prices Decreased 5%	15%	25 %	35 %
Live Lobster	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Frozen Lobster Meat	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Lobster In Brine or Vacuum Packed	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]

	Purchases Decrease	Prices Increased 5%	15%	25 %	35 %
Live Lobster	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Frozen Lobster Meat	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]
Lobster In Brine or Vacuum Packed	0%	[ ]	[ ]	[ ]	[ ]
	5 - 15%	[ ]	[ ]	[ ]	[ ]
	15 - 30 %	[ ]	[ ]	[ ]	[ ]

17. Were you aware that the Mitchell Bill passed in the Senate restricting live lobster of less than 1 lb. from being harvested or imported ?
(please check)

Yes [ ] No [ ]

18. Will this legislation affect you ?
(please check)

A lot [ ]
Moderately [ ]
Not Much [ ]
Not at all [ ]

APPENDIX 3

STATISTICS CANADA DEFINITIONS

LOBSTER EXPORT DATA

CHANGES TO STATISTICS CANADA DEFINITIONS

Up to 1987 (Incl.)	1988 (Incl.) Onward
.04623 (Live)	.030622-10 (Live)
.04624 (In Shell; Fresh/Frozen)	.030612-10 (Frozen in Brine) .030612-90 (In Shell, Frozen) .030622-90 (In Shell, Not Frozen)
.04626 (Meat, Not Frozen)	.160530-12 (Cooked Meat, Not Frozen)
.04627 (Meat, Frozen)	.160530-11 (Cooked Meat, Frozen)
.04680 (Canned)	.160530-91 (In Airtight Containers) .160530-92 (Not In Airtight Containers)

APPENDIX 4

MINIMUM SIZE REGULATIONS

U.S. Carapace Size Regulations

Jurisdiction	Effective Date	Minimum Size
Federal plus	Current	3 1/4" (82.6 mm)
Massachusetts, Maine	January 1, 1991	3 9/32" (83.3 mm)
Rhode Island	January 1, 1992	3 5/16" (84.1 mm)
New York	Current	3 1/4"
Connecticut	January 1, 1992	3 9/32"
	January 1, 1992	3 5/16"
New Hampshire	Current	3 1/4"
North Carolina		
New Jersey, Maryland	Current	3 3/16" (81.0 mm)
Delaware, Virginia		

Source: External Affairs and International Trade Canada

Note:
- Massachusetts and Rhode Island have exemptions for lobster in transit through the state.
- Federal applies to live only; Massachusetts, New Hampshire, Rhode Island specifically include live, dead, cooked, uncooked.